United Nations A/C.2/61/SR.9

General Assembly
Sixty-first session

Official Records

Distr.: General
25 October 2006

Original: English

## Second Committee

**Summary record of the 9th meeting**
Held at Headquarters, New York, on Tuesday, 10 October 2006, at 10 a.m.

*Chairperson*: Ms. Intelmann ..... (Estonia)

## Contents

Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-56172 (E)

*The meeting was called to order at 10.05 a.m.*

**Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development** (A/61/253)

1. **Mr. de Rojas** (Director, Financing for Development Office, Department of Economic and Social Affairs), introducing the Secretary-General's report (A/61/253), said that it should be read in conjunction with other reports on related themes, as well as the World Summit Outcome and General Assembly resolution 60/265. As in previous years, the report addressed each of the six leading actions identified in the Monterrey Consensus, and concluded with a discussion of the points outlined in chapter III of the Consensus on the theme "Staying engaged".

2. With respect to the first action (mobilizing domestic financial resources for development), he noted that although many developing countries had continued to adopt measures to implement solid macroeconomic policies, improve governance and take actions to help stimulate and expand the private business sector, much remained to be done. There was a need to strengthen efforts to eliminate corruption and to guarantee to all citizens that the country was under the rule of law.

3. Turning to the subject of foreign direct investment and other private flows, he said that the financial markets of developing countries remained subject to volatility in international financial markets, and a disorderly unwinding of the large global imbalances could produce a reduction in both private inflows and external surpluses. In addition, FDI flows remained concentrated in a few countries. Because of the recent rapid growth in outward FDI from developing countries, efforts had been made to create a more attractive investment environment in developing countries, by improving infrastructures in key sectors such as transport, power and telecommunications.

4. The suspension of the Doha negotiations had raised serious questions about whether the Round could be successfully concluded, and whether it would be possible to achieve "development" as envisaged at the beginning of the Round. Trade was a crucial component of the development alliance forged at Monterrey.

5. With respect to international technical and financial cooperation for development, the United Nations would continue to monitor efforts to improve the quality and effectiveness of ODA, in accordance with the five major principles set out in the Paris Declaration on Aid Effectiveness. Notable progress had also been made in the area of innovative forms of financing.

6. As of 19 June 2006, 19 countries had reached completion point and 10 countries had reached the decision point under the enhanced HIPC Initiative. However, for some developing countries the amount of full and irrevocable debt relief upon reaching the completion point had not been enough to ensure sustainable debt levels. One of the main criticisms levelled at the HIPC Initiative was the inability of developing countries that had graduated from the Initiative to remain free of debt distress. Those countries would need, inter alia, sustained improvements in fiscal management, financing terms and public debt management. The Paris Club continued to play an active role in the HIPC process, as well as in providing avenues for debt relief for low-income and middle-income countries that did not qualify for the Initiative.

7. Enhancing multilateral dialogue and policy cooperation on key systemic issues, improving the governance structure of the international financial institutions and clarifying the role of official financing of emerging markets had been the focal points of recent discussions. The IMF member countries had established a new process of multilateral consultations on key issues of systemic importance. To ensure the efficacy of multilateral dialogue, all countries, including developing countries, would need to participate. A series of recent initiatives, encompassing bank regulation and supervision, accounting, auditing, corporate governance, data dissemination and money-laundering, was now at or close to the implementation stage. Many developing countries were thus facing multiple reform goals with only limited financial and implementation capacity. Therefore, prioritization and technical assistance were important.

8. At the ninth special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD), the President of the Council had proposed to initiate consultations with all

stakeholders on how to enhance the impact of the meeting. The Council had endorsed that proposal, by its resolution 2006/45. The 2006 meeting had been preceded by an unprecedented number of preparatory events organized by the multiple stakeholders in the financing for development process. Further meetings had been convened in New York and Washington, and the Financing for Development Office continued to organize workshops, multi-stakeholder consultations, panel discussions and other activities aimed at better enabling Member countries to implement their commitments as agreed in the Monterrey Consensus.

9. The Secretariat stood ready to assist Member States in the preparatory process for the international follow-up conference on financing for development, provided for in paragraph 73 of the Monterrey Consensus and in General Assembly resolution 60/188.

10. **Mr. Massieu** (Mexico) said that the next review conference should consider ways to strengthen the follow-up process to the Monterrey Conference, and wished to know the opinion of the Director of the Financing for Development Office in that regard.

11. **Mr. de Rojas** (Director, Financing for Development Office, Department of Economic and Social Affairs) said that the follow-up process was indeed extremely weak and that the next review conference should include an item on how to strengthen follow-up mechanisms on financing for development.

12. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the development discussion was increasingly focused on the problems of the three most vulnerable groups of countries: the least developed countries, the landlocked developing countries and the small island developing States. The recent High-level Meeting on the Least Developed Countries had shed considerable light on the efforts being made by the least developed countries to improve their situation.

13. Although there had been improvements in the areas of ODA and debt cancellation, in the current environment the least developed countries were unlikely to achieve the goals and targets agreed in the Brussels Programme. Although the least developed countries had made considerable efforts to mobilize domestic resources, they must be given special support. As noted in the Secretary-General's report, they continued to receive only relatively marginal sums of FDI, which was concentrated on too few countries. The positive impact of migrants' remittances should not be underestimated, but they were no substitute for increased aid and FDI.

14. Although there had been some positive developments in the area of ODA, much more needed to be done to meet the Brussels target of between 0.15 and 0.20 per cent of GNI. As reflected in the Secretary-General's report, donors should direct ODA mainly to the poorest and least developed countries. One area that should continue to earn increased attention was that of non-traditional development assistance initiatives, such as the surcharge on air travel tickets introduced by 13 countries earlier in 2006. In that regard, he reiterated a suggestion that he had made earlier in the year, to the Economic and Social Council, that major oil-producing countries contribute 10 cents per barrel produced to the cost of infrastructure development in the least developed countries, over the next decade.

15. **Mr. Le Roux** (South Africa), speaking on behalf of the Group of 77 and China, said that more than ever before the United Nations system must be able to respond effectively to the changing developmental needs of Member States, in mainstreaming development as the central pillar of its agenda. All Member States must build an enabling environment for development, and that process would require greater political will to assist developing countries to realize the internationally agreed development goals, including the Millennium Development Goals. The Group of 77 and China once again called on developed countries to take decisive action on all the commitments made at the major United Nations summits and conferences in the economic, social and related fields. The full and timely implementation of those commitments would contribute to the full realization of the right to development, an issue that the Group regarded as sacrosanct.

16. The heads of the Bretton Woods institutions, WTO and UNCTAD should personally avail themselves of future opportunities to engage in a meaningful dialogue. The Group accepted that there were issues pertaining to financing for development which were being determined outside the United Nations framework. However, as the primary intergovernmental organization in which developing

countries enjoyed an equal voice and equal representation, the United Nations must play a significant role in shaping the global economic environment.

17. Recalling that General Assembly resolution 60/265 called for the efficient use of monitoring and follow-up mechanisms to ensure that commitments and actions on financing for development were effectively implemented, he said that Member States should undertake a review of that implementation process and identify ways to build on the various elements of the Monterrey Consensus, in accordance with its paragraph 73. The follow-up international conference on financing for development, called for in General Assembly resolution 60/188, should be held in 2007 and should be preceded by thorough preparations that were open, inclusive and transparent.

18. **Mr. Talbot** (Guyana), speaking on behalf of the Rio Group, said that much more needed to be done to fully implement the commitments and achieve the objectives of the International Conference on Financing for Development and reiterated the Rio Group's commitment to the Monterrey Consensus.

19. Inasmuch as each country bore primary responsibility for its own economic and social development, the members of the Rio Group had all worked to mobilize domestic resources and propel private sector-led growth in that regard. While domestic resources could be a major source of finance for development, most developing countries would require ODA or FDI in order to implement poverty reduction strategies.

20. Private financial inflows were an important source of external resources and it was worrisome that developing countries had become net remitters of resources. The reduced volume of private FDI in infrastructure and basic services would require the public sector, which operated within tight fiscal restraints, to play an enhanced role. The Rio Group, as middle-income developing countries, remained concerned about the impact that the boom-bust cycles of international private capital flows could have on its development.

21. Trade could yield greater benefits, and over a longer period of time, to developing countries than either ODA or debt relief. The Rio Group urged the key partners to demonstrate the political will required to set the Doha negotiations on the path to a successful conclusion.

22. Meeting the Millennium Development Goals would require more funding. The Rio Group invited all interested parties to comply fully with paragraph 41 of the Monterrey Consensus and stressed the need for flexible and predictable financing for recurrent cost-intensive services such as those provided by health workers and teachers. Resources should be aligned with the recipient countries' development priorities. Removal of the obstacles that stood in the way of the Goals would require increased international cooperation. Many countries, particularly least developed countries, landlocked developing countries and small island developing States, might not reach most of the Millennium Development Goals because growth remained below required levels; the Rio Group called on development partners to provide priority financial assistance to those countries.

23. The Monterrey Consensus had recognized the value of exploring innovative sources of financing for development. Much progress had been made in that regard and the Rio Group expected further progress. Several countries, including members of the Group, had embarked on initiatives that had made significant progress. The Leading Group on Solidarity Levies to Fund Development had met for the first time in July and had already borne fruit; the International Financial Facility for Immunization was expected to raise US$ 4 billion; the International Drug Purchase Facility (UNITAID) had been established on 19 September 2006 and would be funded by a solidarity levy on airline tickets.

24. With regard to debt sustainability, the Rio Group noted that 29 countries had benefited from the HIPC Initiative. The proposed Multilateral Debt Relief Initiative (MDRI) should be based on the concept of additionality and should not be burdened by conditionalities other than those in the HIPC Initiative. While the ad hoc increases in quotas agreed by the World Bank and IMF in Singapore were welcome, more discussion was needed on the reform of the quota formula and on basic votes.

25. In Latin America and the Caribbean, 870 million persons lived on less than US$ 2 a day in the middle-income countries and 96 million persons lived in extreme poverty in those same countries. Although the

region received only 8.8 per cent of total ODA, aid played an important role in middle-income countries.

26. The link between financing for development and the achievement of the Millennium Development Goals could not be overemphasized and the status of the implementation of the Monterrey Consensus should be reviewed as soon as possible.

27. **Ms. Hughes Ferrary** (Saint Vincent and the Grenadines), speaking on behalf of the Caribbean Community (CARICOM), supported the remarks made on behalf of the Rio Group.

28. CARICOM countries faced a formidable challenge to achieving their economic objectives and welcomed the agreement on the need to provide greater support to developing countries by accelerating the process of follow-up to and implementation of the outcome to the International Conference on Financing for Development. The 2005 World Summit had reaffirmed the Monterrey Consensus as the reference point for a meaningful global partnership.

29. CARICOM had also been heartened by the discussions during the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, WTO and UNCTAD. The meeting had revealed an enhanced appreciation of the interconnection between international economic conditions and the prospects for development and of the need to foster a conducive and enabling international environment. Increased dialogue on development with beneficiaries could lead to a deeper understanding and more substantial results in development cooperation. Despite the expansion of private aid flows, those flows were concentrated in a few countries and the level of ODA required for the achievement of the Millennium Development Goals was still lacking.

30. CARICOM urged closer examination of innovative proposals for new and additional sources of financing for development that would complement ODA and not impose any burden on developing countries, such as the incremental redeployment of military expenditures to development purposes.

31. CARICOM countries had consistently worked to advance the implementation of the Monterrey Consensus. Although CARICOM States remained vulnerable to the vagaries of the international economy, the region remained undaunted and, with the inauguration of the Caribbean Single Market and Economy, had committed itself to promoting continued development.

32. The follow-up process to the International Conference on Financing for Development would be facilitated by reviving the Doha Development Round, making greater progress on debt relief, enhancing debt sustainability and improving the international financial system to favour development.

33. **Mr. Lawrence** (United States of America) said that his country continued to support the vision enunciated in Monterrey and was proud of its record of ODA. It had pledged to increase foreign assistance by 50 per cent over 2000 levels by 2006 and had kept that pledge three years early. In addition to ODA, net financial flows from the United States to developing countries in 2005 had amounted to $633 billion, including $487 billion in payment for net goods imports from developing countries and $146 billion in net private investment flows.

34. Developing countries bore primary responsibility for their own development and good governance was at the heart of the development process. Domestic resource mobilization deserved at least as much attention as multilateral issues such as aid, trade and debt. In 2005, there had been $3.1 trillion of developing economy domestic savings versus $106 billion in ODA from all sources. Those savings did not include an estimated $9.3 trillion in untitled real estate capital owned by the poor in developing countries, according to the economist Hernando de Soto. The report of the United Nations Commission on the Private Sector and Development had advocated policies such as competitive markets, effective property rights and rule of law. His country looked forward to more work by the United Nations on that topic.

35. The United States had concluded free trade agreements with many developed and developing countries and was committed to removing all agricultural subsidies as soon as other nations were willing to join it in doing so. He noted that 70 per cent of tariffs on trade were imposed by developing countries on other developing countries. His country had met its commitments to cancel bilateral debt for eligible heavily indebted countries and continued to work with the major international financial institutions to cancel debt for those countries. While it fully

supported providing medications to all who needed them, it did not favour international taxation schemes such as the solidarity levy on airline tickets, and encouraged States to demonstrate their commitment to the fight against HIV/AIDS through regular budget provisions.

36. With the right choices by all actors concerned, there was a good chance of reaching the goals that the international community had set for itself at Monterrey and in the Millennium Declaration.

37. **Mr. Ananyev** (Russian Federation) noted from the Secretary-General's report (A/61/253) that progress had been made in the areas of mobilizing domestic resources, increasing official assistance and private financial flows and providing more extensive debt relief. It was, however, a matter for concern that progress in trade had stalled and that the prospects for the completion of the Doha round were doubtful. It was all the more important to develop a proper understanding of how trade negotiations should be conducted and to determine the appropriate scope of a trade agenda.

38. His delegation welcomed the information contained in the report on measures taken to ensure the participation of all the stakeholders in consultations on future action. The high-level meeting of the Economic and Social Council with the Bretton Woods institutions, WTO and UNCTAD had been particularly useful, with its decision to initiate consultations with all stakeholders on practical measures to implement the Monterrey Consensus. The United Nations should encourage the interaction between the Bretton Woods institutions and WTO, with participation by civic society and, above all, the private sector, in order to strengthen the functioning and monitoring of international currency, financial and trade systems in the interests of promoting development. Such high-level meetings of the same bodies should be held annually to consider every aspect of the Monterrey Consensus.

39. His delegation welcomed the outcome of the High-level Dialogue on Financing for Development as an intergovernmental mechanism not only for coordinating measures in implementation of the International Conference on Financing for Development and related issues but also for bringing about a more effective division of labour and closer ties between the United Nations, the Bretton Woods institutions and WTO. His delegation was committed to the aims of the Monterrey Consensus.

40. The Russian Federation intended to play an increasingly active role in international development assistance. Its cooperation with developing countries was already substantial. Its contribution to the HIPC Initiative was the highest by any donor country, in relation to GDP: in 2005, it had given debt relief to African countries totalling $2.2 billion, or 0.29 per cent of GDP. In absolute terms, the Russian Federation's debt relief for developing countries was third only to that of Japan and France. The Russian Federation assisted development by providing preferential terms of trade. Traditional export goods from developing countries, including those in Africa, were not subject to import tax. The Russian Federation had also invested widely in African projects.

41. The Russian Federation attached great importance to ODA and was seeking to increase the scope of its cooperation and its donor potential. Simply to increase external assistance, however, was not the answer. The quality and effectiveness of assistance was also important. ODA should be put on a sounder and more predictable footing and the structure and modalities of assistance should be improved.

42. His delegation generally supported the idea of tapping non-traditional sources of financing for development, in accordance with the spirit and the letter of the Monterrey Consensus. Any contributions under the proposed International Finance Facility and other initiatives to increase development assistance, particularly through international taxation, must be strictly voluntary and should be adopted only by States that deemed such a mechanism feasible from the point of view both of their domestic legislation and their financial resources.

43. **Mr. Chandrappan** (India) said that the Millennium Development Goals could not be achieved without enhanced resource flows, full achievement of the development imperatives of the Doha Development Agenda, the July framework agreement and Hong Kong Ministerial Declaration on trade, and the reform of economic and trade institutions, as well as recovery by the United Nations of its role of setting the international development agenda.

44. The Secretary-General's report provided striking statistics and indicated that ODA had in fact been lower in real terms in 2004 compared with 1990. India

agreed with the report's conclusion that aid must be increased if developing countries were to achieve the Millennium Development Goals. A broader understanding on debt relief should be evolved without insisting on conditionalities. His country welcomed the adoption of innovative sources of financing and called for robust and efficient mechanisms to track ODA flows.

45. The Monterrey Consensus emphasized the role of the State in socio-economic development and the importance of public investment. The State should not merely provide a favourable framework for private sector growth and for foreign investment; it often needed to make a substantial investment in human development sectors and in basic physical, social and institutional infrastructure. His country shared the Secretary-General's views on the World Bank's strategy for improving governance and believed that governance was characterized by the historical and contextual specificities of countries. Nothing should be done to protect the fiduciary interests of the World Bank at the cost of development and the Bank should remain steadfast in its mission to achieve "a world free of poverty".

46. For defending livelihoods, the sovereign functions of the State should not be undermined and regimes that eroded the autonomy of policy space should be reformed and checked. The 2005 World Summit had stressed the need for balance between national policy space and international disciplines and commitments. Resistance to unjust international regimes was bound to grow; demands for reduction of *de minimis* payments by all countries reneged on the July framework agreement and were unacceptable to developing countries with subsistence farming and resource-poor farmers.

47. The Monterrey Consensus stressed the importance of enhancing the coherence and consistency of international monetary, financial and trading systems. India believed that development could not be achieved through piecemeal and uncoordinated policies. Greater political consensus was needed on improving the decision-making system. The people affected should participate in the decision-making processes, thus enhancing their legitimacy, transparency, accountability and ownership. The net outflow of resources from developing countries ($600 million in 2005) pointed to the need for reform of the international financial system and for initiation of the second stage of IMF quota reform.

48. Global imbalances could not be solved by unilateral action. In a rapidly integrating global economy, issues of bilateral and multilateral surveillance shared a symbiotic relationship with respect to systemically important countries and to developing and emerging market countries as well. His country awaited the results of the first multilateral consultations on that issue.

49. India recognized the need for effective review and assessment of the implementation of commitments and agreements reached at the Monterrey Conference. The real success of the United Nations would be in the political management of the process; the Organization should play a prominent role not only in setting the direction but also in delineating and guiding the international macroeconomic agenda. The Economic and Social Council should be strengthened in order to fulfil its task effectively and efficiently.

50. **Mr. Atiyanto** (Indonesia) said that the attainment of the Millennium Development Goals required not only mobilization of domestic resources and an increase in financial flows to developing countries but also, and more importantly, correction of the imbalances of the global economy. Despite the promising recent trend in the global economy, saving the lives of millions in the developing world demanded concrete actions for development. However, development without finance was powerless.

51. The international community should do everything possible to change the situation. All that was required was implementation of the economic and social commitments made at major United Nations conferences and summits, particularly the Monterrey Consensus and the 2005 World Summit Outcome.

52. The follow-up actions agreed at the 2005 World Summit should be carried further. Existing mechanisms should be strengthened and consideration should be given to the establishment of effective mechanisms to monitor, review and follow up the implementation of the social and economic goals of major United Nations conferences and summits. There was no need to renegotiate the Monterrey Consensus. If the international community wanted to do more, both the developed and developing countries needed to carry that noble commitment forward.

53. The developed countries had four basic obligations: to open their markets to the products of developing countries, particularly agricultural goods; to address the needs of developing countries for debt relief, particularly for low- and middle-income countries; to determine whether sufficient FDI was being channelled to developing countries; and to share technology with developing countries. Developing countries, in turn, should continue to pursue policies of good governance and fight corruption; promote universal education and human resources development; provide a hospitable climate for FDI; and ensure the sustainability of their environments.

54. South-South cooperation was an important complement to North-South relations at all levels. Indonesia had contributed to the development of technical cooperation among developing countries through the Non-Aligned Movement Centre for South-South Technical Cooperation.

55. His delegation agreed that it was important to stay engaged with existing institutions and relevant stakeholders in the financing for development process and stood ready to participate constructively in preparing the follow-up international conference on financing for development.

56. **Mr. Llanio González** (Cuba) said that ODA remained well below the amount needed to achieve the Millennium Development Goals and, in some cases, had actually been reduced. Such assistance should be offered without conditions, which distorted the concessional nature of the assistance and subordinated the development needs and priorities of the recipient countries to the "donors'" interests. Cuba was therefore in favour of establishing a mechanism to monitor ODA commitments.

57. The marginalization of developing countries in international trade was increasing. It was important to note that true development in the field of trade could not be attained through trade liberalization alone and that trade could promote development only if countries received "special and differential treatment" on the basis of their development level.

58. It was time for the entire international community to develop the political will needed to change the current unequal world economic order and to uphold the principles of cooperation and selfless assistance so that the developing countries could achieve the Millennium Development Goals.

59. **Mr. Chowdhury** (Bangladesh) said that the gap between the rich and the poor had widened and that most of the least developed countries were far from achieving the Millennium Development Goals. Despite major reforms in fiscal and monetary policies, Bangladesh itself still needed external support, for instance in the form of free market access, sufficient ODA and full debt cancellation.

60. In order for the developing countries to gain significant market access, it was necessary to grant duty-free and quota-free access for all products of the least developed countries to the markets of developed countries; eliminate all types of protectionism against the products of the least developed countries; assist them in strengthening their trade capacity; exempt them from anti-dumping, countervailing and safeguard measures; and provide compensation for erosion of most-favoured-nation preferences for tariff reductions.

61. The distribution of ODA should be rational and equitable and not politically motivated. All developed countries should devote 0.20 per cent of their GNP to ODA for least developed countries. It was also critically important to fully implement the Paris Declaration on Aid Effectiveness. Innovative sources of financing for immediate frontloading of resources could supplement existing sources and should focus on the least developed countries. His delegation welcomed the pilot schemes of the solidarity contribution on airline tickets and the International Finance Facility for Immunization.

62. Development partners were urged to write off all outstanding debts of least developed countries and to broaden FDI flows to include more countries. Finally, given that the microcredit sector had registered astonishing success in harnessing capital markets to alleviate global poverty, the international donor community was encouraged to invest more heavily in microfinance.

63. **Mr. Liu** Zhenmin (China) said that, while national governments should assume the main responsibility for development financing, international support was also essential. The developed countries needed to fulfil their commitments with respect to aid, debt relief and market access and gradually attain the goal of 0.7 per cent of ODA/GNI. It was also necessary to reform international economic, monetary and trade systems to remove the structural obstacles to development financing. A fair and effective financial

environment should be created and developing countries given a greater voice in decision-making. It was essential that the Doha Round should be resumed as soon as possible so that an equitable and open international trade environment could be established. Finally, the international community needed to develop new financing mechanisms and diversify the sources of development aid.

64. Domestically, China would continue to open up its economy and develop closer links with world markets. As a developing country, it had been offering diversified development aid to other developing countries and had been implementing measures such as zero tariff treatment, debt relief, concessional loans, public health cooperation and human resource training. In that regard, China was ready to continue to exchange views and to reinforce mutually beneficial cooperation.

65. **Mr. Ahmad** (Pakistan) said that, like other global agreements, the Monterrey Consensus continued to suffer from a serious implementation deficit. To overcome the crisis, it was essential to promote national policies and programmes that ensured good governance, macroeconomic stability, investments in human resources and export orientation.

66. At the global level, several essential goals needed to be pursued simultaneously. Pakistan fully agreed with the Secretary-General that ODA should not only be substantially increased but should be directed mainly to the least developed countries. Increased resources should be channelled through the budgets of recipient countries to enable full application of the principles of ownership and alignment. Debt cancellation should be broadened and FDI flows directed towards the weaker economies. Greater efforts were required to mobilize additional development finance through innovative measures, while maintaining compensatory financing for trade erosion. The Doha Round should be revived and the agricultural subsidies of the rich countries eliminated. Finally, the international financial system needed to be reviewed and restructured to enhance the participation of developing countries in international financial institutions.

67. Pakistan welcomed the upcoming follow-up international conference on the implementation of the Monterrey Consensus as an opportunity to take stock of the situation and remained firmly committed to making financing for development a success both within and outside Pakistan.

68. **Mr. Osman** (Malaysia) said that the international community needed to strengthen its efforts to fulfil the Monterrey commitments and mobilize financial resources for development, as called for in the 2005 World Summit Outcome. Financing for development played a key role in developmental issues and the Development Cooperation Forum and the Economic and Social Council's annual ministerial review should complement existing follow-up mechanisms.

69. Malaysia was disappointed that only one of the four countries whose IMF quotas had been increased in the first phase of reform belonged to the Group of 77. Indeed, some members of the Group had actually found their quotas reduced. Malaysia called for a stronger commitment from the advanced countries to limit their claims for higher quotas during the second phase of reform, so that the IMF quotas would reflect current international economic realities more accurately.

70. The Monterrey Consensus had recognized the importance of mobilizing domestic financial resources for development and the critical role of national governments in that respect. The Malaysian Government had taken numerous measures to maximize the potential of its financial resources and, since the early 1980s, had paid particular attention to strengthening the Islamic financial system.

71. **Mr. Gass** (Switzerland) said that his delegation advocated that the Declaration of Paris should be promoted from the status of a declaration of institutions and Governments to become the code of conduct for all actors in the field of development. It had become difficult to coordinate the funds provided by private foundations because of their increasing number. However, it was important to ensure that coordination efforts did not have a negative impact on the activities of those important actors. In the analysis of private financial flows, it would be useful to address the role of funds provided by private foundations and the remittances of private individuals, which made an essential contribution to the area of development.

72. The "Aid for Trade" mechanism was important for ensuring that trade made a significant contribution to the goal of development. Existing mechanisms would suffice for that initiative and there was no need to establish a new mechanism. The "Aid for Trade" initiative should benefit not only the least developed

countries but also low-income and lower-middle-income countries. Furthermore, it was essential for Governments to establish fiscal polices that were fair and transparent. In many cases, the tax base could be widened and the progressive nature of taxation could be further developed, with a view to ensuring that those individuals and companies that were already benefiting from globalization made an appropriate contribution. Furthermore, least developed countries should ensure that they had the necessary capacities to coordinate the resources provided to them. It was also necessary to maintain a balanced debt initiative in the wake of debt relief, so that resources could contribute to the realization of the Millennium Development Goals. His Government would continue its efforts to achieve the objectives set by the Monterrey Consensus. While the Swiss Parliament had decided that government expenditures would increase less rapidly in the coming year, after 2008 the Government planned to increase the percentage of its budget allocated to development aid.

73. **Archbishop Migliore** (Observer for the Holy See) welcomed the emphasis on fighting corruption and establishing sound governance frameworks for effective resource mobilization. However, the task of improving governance frameworks in developing countries was a gradual process. His delegation concurred with the view that the low-income developing countries faced the greatest difficulties in mobilizing domestic resources for development and should be the subject of particular attention. The Poverty Reduction Strategy Papers, which were prepared by developing countries through participatory processes could provide an appropriate framework for defining national development strategies and assisted low-income developing countries in achieving the Millennium Development Goals. Many of those countries were far from meeting the 2015 targets and his delegation encouraged all stakeholders to remain actively engaged and to monitor the progress being made by those countries towards the Goals on a periodic basis.

74. **Mr. Brevik** (Norway) said that the Monterrey Consensus had established a carefully balanced partnership between individual States and the international community, and between the State and the private sector. It was encouraging that the strongest economic growth had taken place in developing regions. However, those positive growth rates benefited the poor to only a limited degree. Private sector growth entrepreneurship and growth were necessary but not sufficient for achieving the Goals. More active redistribution policies were crucial. In that connection, growth policies and policies to ensure fair distribution were mutually reinforcing rather than mutually exclusive.

75. One of the challenges of good governance was to ensure growth with fair distribution. Good governance should include respect for all human rights and due attention to the social and environmental impacts of policies, as well as ensuring equality throughout all areas of society. Good governance was the responsibility of Governments at the national level but global governance structures and contributions from the international community were also important factors. His Government planned to contribute 0.97 per cent of its GNI to ODA, which was significantly higher than the 0.7 target. His Government would lead the way in debt relief by means of multilateral mechanisms and was also prepared to make use of unilateral debt cancellation measures in 2007. Following the failure of the Norwegian Ship Export Campaign as a development policy, his Government planned to cancel the ship export debts of Egypt, Ecuador, Jamaica, Peru and Sierra Leone. However, the ship export debt owed by Myanmar and the Sudan would not be cancelled until those two countries qualified for multilateral debt relief. The focus of the ongoing debate on illegitimate debt should be on creditor responsibility.

76. Having assumed the presidency of the Leading Group on Solidarity Levies to Fund Development, his Government would promote new and innovative financing mechanisms. It was important to develop a cheaper and more secure system for remittances, which were additional sources of income to development assistance. His Government regretted the fact that negotiations on a new WTO agreement had been suspended, since all countries needed up-to-date rules for international trade. His Government called on WTO to undertake diplomatic efforts to pave the way for an early resumption of negotiations. His Government welcomed the IMF resolution on quotas and voice and the debate on the representation of member countries in the World Bank.

*The meeting rose at 12.40 p.m.*

United Nations A/C.2/61/SR.10

General Assembly
Sixty-first session

Official Records

Distr.: General
23 October 2006

Original: English

## Second Committee

**Summary record of the 10th meeting**
Held at Headquarters, New York, on Tuesday, 10 October 2006, at 3 p.m.

*Chairperson*: Mr. Barry (Vice-Chairperson) ..... (Senegal)

## Contents

Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development (*continued*)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-56178 (E)

*In the absence of Ms. Intelmann (Estonia), Mr. Barry (Senegal), Vice-Chairperson, took the Chair.*

*The meeting was called to order at 3.10 p.m.*

**Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development** (A/61/81-E/2006/73 and A/61/253) (*continued*)

1. **Mr. Kau** (Fiji) said that external assistance was required to bolster the limited national budgets of developing countries, and national strategies must be considered the framework for cooperation and development partnerships. It was disheartening for countries that complied with good governance standards and principles and developed sound national development strategies to find that scant overseas development assistance and international support were forthcoming.

2. Fiji was in the process of reviewing its strategic development plan and had pledged its commitment to democracy and principles of good governance, and to the improvement of the investment climate in order to attract investors. It called for further support in the form of technical assistance and capacity-building services to strengthen investment frameworks and improve physical infrastructure. He expressed gratitude to the Government of Italy and the United Nations Department of Economic and Social Affairs for their support to the Pacific small island developing States in the preparation of national development strategies. Such exercises should also include capacity-building in areas of sector policy formulation, resource mobilization and implementation.

3. Since it had an open economy that was dependent on export trade, Fiji lamented the lack of progress in the World Trade Organization (WTO) trade talks, and in the implementation of the development dimension of the Doha Work Programme. In addition, special mechanisms for trade-related assistance, and predictable, sustainable financing for developing countries should be established. Moreover, in spite of the increase in overall assistance levels, ODA had declined as a source of budgetary resources for developing countries such as Fiji in 2005, when ODA had accounted for less than 5 per cent of the total national budget.

4. There was an urgent need for monitoring and follow-up mechanisms to ensure that the commitments and actions agreed to at the major international conferences on development were effectively implemented. Fiji looked forward to the follow-up conference to review the implementation of the Monterrey Consensus.

5. **Mr. Zebari** (Iraq), emphasizing the strong link between financing for development and the realization of the internationally agreed development goals, reaffirmed the need for full implementation of the outcome of the International Conference on Financing for Development.

6. The International Compact with Iraq to facilitate renewed partnership with the international community had received tremendous international support. The Compact was expected to garner assistance from the international community to support Iraq in achieving its national vision and goals in the key areas of political, security and economic reform. Under the Compact, the Iraqi federal authorities envisaged the fiscal devolution of planning responsibilities to local and regional authorities. Private savings and ownership, and competition within the banking sector would be encouraged.

7. The key objectives of the country's national and regional strategy for the oil and gas sectors included legal and regulatory reform, the promotion of assistance to foreign companies to access funds for rehabilitation, the establishment of national and regional oil and gas companies and investment in capacity-building and training.

8. The federal authorities and the Kurdistan regional government supported a diversified economy, and had adopted a number of measures to improve agriculture, develop the infrastructure of religious cities and holy sites, develop tourism training institutes, and build human capacity in the tourism sector. Revitalizing the private sector would involve the creation of an environment in which the economy and private business could flourish. In addition, State-owned enterprises should be privatized and restructured.

9. In seeking to improve the quality of life, the authorities of Iraq had established a number of reconstruction and rehabilitation projects and programmes in the areas of water supply infrastructure, education and health. The implementation of those strategies would require significant resources from

development partners, and he stressed that improved donor coordination was essential for the effective use of such resources.

10. **Ms. Mills** (Jamaica) said the global partnership for development, based on the principles of mutual responsibility and accountability, was extremely important. The increase in net outward transfers of financial resources from developing countries and the failure to meet commitments to ODA were among the concerns raised by the Secretary-General in his report on the follow-up to and implementation of the outcome of the International Conference on Financing for Development.

11. Jamaica was pleased that the Economic and Social Council had adopted a resolution that would ultimately enhance the impact of its high-level meeting with WTO and UNCTAD in April 2006 on "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the 2005 World Summit Outcome". Although trade negotiations within the Doha Round had been suspended, it was critical that the development agenda should remain at the forefront of future negotiations.

12. In view of the importance of ensuring the engagement of all stakeholders in the implementation of the Monterrey Consensus, the General Assembly should speedily make the necessary arrangements for the follow-up conference scheduled to be held in Qatar.

13. **Mr. Nikitov** (Ukraine), speaking on behalf of the member States of the GUAM Organization for Democracy and Economic Development, said that the specific concerns of countries with economies in transition, as reflected in the outcome of the 2005 World Summit, would be fully taken into account in further follow-up to the International Conference on Financing for Development.

14. The members of the Organization were committed to the Monterrey Consensus and had adopted national macroeconomic policies that promoted economic growth and a supportive investment climate. Significant progress had been achieved in recent years, both in economic terms and in meeting the Millennium Development Goals, and further efforts were under way to promote financial stability and structural policies for the development of the private sector. Integration of the Goals into national development plans, good governance, a transparent and accountable system of public administration and expenditure management, along with concerted efforts to fight corruption, would contribute to the effective mobilization of domestic and external resources. In order to support the positive trend of FDI inflows, there was considerable ongoing effort to improve investment legislation, and to ensure equal opportunities for domestic and foreign investors.

15. Ensuring stability of the international financial system and maintaining predictability of financial markets, preventing financial crises, and strengthening the infrastructure of national financial and banking sectors were important to achieving sustainable development in developing countries and countries in transition. The international financial architecture should be made more transparent, and transition economies should be encouraged to participate more fully. In accordance with the relevant provisions of the Monterrey Consensus and the Summit Outcome, it was important to facilitate the accession of countries with economies in transition to WTO.

16. **Mr. Bhattarai** (Nepal) said that his Government highly appreciated the commitment made in Monterrey to provide greater resources to achieve the internationally agreed development goals, including the Millennium Development Goals, and the Qatari offer to host the first follow-up international conference on financing for development. The preparatory process needed to involve all stakeholders, while the review conference itself should focus on progress made, constraints encountered and ways of enhancing development results.

17. In Monterrey, the international community had underscored sustainable debt financing as an important way to mobilize resources for investment; agreed on practical measures to address poverty; and identified ways of mobilizing resources to finance the Millennium Development Goals. Poorer countries would require significantly more development assistance if they were to achieve those Goals on time. International commitments needed to be implemented, monitored and followed up. Recent initiatives to enhance multilateral dialogue and policy coordination, coherence and cooperation on key systemic issues relating to the international financial system were welcome. However, as emphasized in the Secretary-General's report (A/61/253), multilateral consultations must be translated into effective joint policy actions.

18. The global partnership for development should focus on measures to strengthen efforts to attract foreign investment in developing countries, guarantee market access for the least developed countries, pursue policies that improve the competitiveness of least developed countries and landlocked developing countries, enhance ODA effectiveness, implement effective debt relief measures and improve participation and coordination in the international financial system.

19. Expressing Nepal's commitment to the Paris Declaration on Aid Effectiveness, he emphasized the need to improve aid quality, promote untied aid, focus on capacity-building, address structural vulnerabilities, explore avenues for cooperation among the countries of the South, and identify new and innovative sources of financing. Remittances could not be a substitute for ODA or debt relief. He stressed the need for more long-term and predictable aid, increased ODA channelling through national budgets, and coordination and harmonization with national development priorities. Least developed countries were in dire need of predictable grant assistance in order to ensure that national sustainable development and poverty eradication efforts were effective. Development partners should play a supporting role and leave ownership of development activities to recipient countries. At the same time, transparency, predictability and ready availability of aid could not be discounted when talking about aid effectiveness and harmonization.

20. A durable solution must be found to debt problems and resources for development increased. Moreover, debt relief must be in addition to, not instead of, other financing. External debt seriously hindered the development and economic growth of the least developed countries. The debt relief initiative must be expanded beyond the Heavily Indebted Poor Countries (HIPC) Initiative to provide relief to all least developed countries, with flexible eligibility criteria. Sustainability analyses must be tailor-made and aid without debt enhanced. In that regard, the specific needs of recipient countries, particularly those emerging from conflict, must be taken into account.

21. Key to enhancing development partnership was the promotion of international trade and export-led growth. The Doha Round needed to be revived without losing its development focus. Marginalized countries required further financial assistance so that they could be integrated into the global trading system. Trade-related capacity-building initiatives must be strengthened and the Aid for Trade Initiative made operational.

22. Nepal was committed to promoting sustained and broad-based economic growth. With its new democratic Government, the overall economic situation and investment climate was improving. Budgetary discipline had been maintained and a prudent monetary policy was being pursued. Maintaining macroeconomic balance was a primary concern. The Government attached high priority to mobilizing foreign aid and domestic resources for the development of rural infrastructure, reconstruction and rehabilitation, and the financing of emerging sectors of the economy, and to foreign investment for industrial development. In that regard, foreign investment procedures had been streamlined and simplified.

23. **Mr. Chidyausiku** (Zimbabwe) said that General Assembly resolution 60/265, on follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals, had been another positive step towards achieving economic development. He welcomed the developed countries' commitment on improved access to international markets, predictable and adequate ODA and private capital flows, and an improved international architecture to prevent and manage financial crises, not to mention their pledge to make concrete efforts to achieve the target of devoting 0.7 per cent of GNI to ODA and pursue innovative sources of financing for development. Worryingly, less than 5 per cent of FDI had flowed to developing countries in 2005. A concerted effort was needed to bridge the gap between rhetoric and practice. In particular, mechanisms that enabled aid flows to be measured effectively were urgently needed.

24. External debt relief should be extended to all developing countries with an unsustainable debt burden. Moreover, aid must complement financial resources derived from domestic and foreign investment. Only enhanced exports could lead to a sustainable increase in the domestic resources of developing countries. In that connection, there was an urgent need for an open, non-discriminatory and equitable rule-based multilateral trading system. He urged developed countries to abolish their agricultural subsidies. Such action would also reduce developing

countries' dependency on aid, thereby enabling them to achieve sustainable development. All countries should benefit equally from the global partnership for development. In that regard, he called for the immediate resumption of the Doha Round.

25. While fully acknowledging that national Governments had primary responsibility for implementing their development plans, he said that national efforts in that regard must be supported, not hampered, by international cooperation. Aid and international economic cooperation in general urgently needed to be depoliticized. The international community must reject the practice whereby countries imposed laws and regulations with extra-territorial impact and all other coercive economic measures, including unilateral sanctions against developing countries. In Zimbabwe's case, support from international financial institutions had been blocked and investment flows restricted, all on account of political differences.

26. The suspension of International Monetary Fund (IMF) and World Bank financial support to Zimbabwe had caused other financiers and the donor community at large to suspend their support too. As a result, Zimbabwe faced a reversal of the gains made on health, education and infrastructure, which were the basis for achieving the Millennium Development Goals. The negative perception derived from sanctions had also impacted negatively on FDI in Zimbabwe. Despite having serviced its debt to IMF, Zimbabwe was still denied any new support.

27. Zimbabwe also had to grapple with such challenges as containing the HIV/AIDS pandemic, tuberculosis, malaria and other infectious diseases, and coping with recurrent adverse weather conditions. Despite that, the country had achieved some marginal successes in meeting the Millennium Development Goals. HIV/AIDS prevalence had fallen from 29 per cent in 2000 to 18.1 per cent in 2006. With more international support, Zimbabwe could do better. It would continue to adopt measures to create an environment conducive to the mobilization of domestic and international resources for development.

28. **Mr. Almabrok** (Libyan Arab Jamahiriya) said that a fair international financial system was essential if developing countries were to benefit from opportunities to further their economic potential, promote development and achieve social justice. To that end, developing countries should be effectively involved in international financial institutions through the exercise of voting rights and participation in financial policymaking. The accumulation of adequate resources for the financing of development was vital to realization of the Millennium Development Goals, in which connection he stressed the importance of commitment to the Monterrey Consensus, in particular the target for ODA that some were making welcome efforts to meet. The proposal to establish a mechanism for monitoring and follow-up of the implementation of the Consensus should consequently be placed on the agenda for the first follow-up conference to the International Conference on Financing for Development, which Qatar had generously offered to host.

29. The flow and efficient use of funds was instrumental to the financing of development programmes and the success of the global partnership for development. In that context, support for countries with economies in transition was important, as was the need to ensure that relief assistance for disaster or debt was not regarded as part of ODA. Equally important was the imperative to address the special needs of the African continent, which should be integrated into the world economy through, inter alia, support for its development plans and programmes, particularly in the least developed countries, and for the efforts of its economic communities and the New Partnership for Africa's Development (NEPAD). Other major factors for consideration included simplification of the financing procedures of the international financial institutions and permanent solutions to the external debt question. African countries that relied on basic commodities for export should also be supported in various ways aimed, for instance, at strengthening their competitiveness and agricultural productivity. Access to the drugs needed to fight the deadly diseases that so badly affected Africa's human resources and the strengthening of African Union efforts to establish peace and security in the continent's areas of tension were fundamental prerequisites for the success of development programmes and plans.

30. **Mr. Alkuwari** (Qatar) said that important catalysts for sustainable development, including good governance and respect for human rights, were highlighted in the Monterrey Consensus, which similarly underscored the value of policies and regulatory frameworks for promoting a dynamic

business sector that would ultimately benefit the poor. With that in mind, he commended the efforts of developing countries to pursue sound governance in increasingly trying circumstances and further expressed appreciation for the ODA provided by industrial countries, as well as for the HIPC Initiative and moves to alleviate poverty and hunger.

31. Repeated emphasis had been placed on the potential role of trade in the financing of development and on the need for a law-based global trade system that was both fair and open. The least developed countries above all had therefore been tremendously frustrated by the suspension of the Doha Round negotiations, on which they had pinned so many hopes for improvement of their trade and market position. Regrettably, the future of the world economy was likely to be adversely affected by the suspension, a situation that might encourage a fresh protectionist trend. The developed countries in particular should show the political will and flexibility needed for a resumption of the negotiations in the interest of practical outcomes of universal benefit.

32. The participation in the International Conference on Financing for Development had been a prime example of the constructive cooperation that was so badly needed in order to meet the challenges of globalization. Qatar had endeavoured to be a supportive partner in the international efforts for development, notably in connection with anti-poverty measures and fairer distribution of the gains from world economic growth. On that basis and in the context of its work to introduce as well as promote international initiatives for development and its financing, it had offered to host the first follow-up conference to the International Conference on Financing for Development. The offer had been extremely well received in a variety of forums and he therefore hoped that the General Assembly would adopt a resolution setting a date for that follow-up conference.

33. **Ms. Mammadova** (Azerbaijan) said that her delegation agreed on the need for timely implementation of the Monterrey Consensus. By recognizing the key role of global partnership, General Assembly resolution 60/265 strengthened the relevance of that Consensus in the context of follow-up to the 2005 World Summit.

34. The Secretary-General's report (A/61/253) acknowledged the continued efforts of developing countries to implement nationally owned development strategies through sound macroeconomic policies and rule of law. Such steps, being in line with the core principles of the Monterrey Consensus, should enjoy the international community's support. Resource mobilization, a crucial component, required policy coherence among all relevant stakeholders. Its development impact could not be maximized unless resources were channelled on a predictable basis and recipient countries had adequate institutional capacity to access and maximize the domestic benefits of such resources. In that regard, she welcomed efforts by the international financial institutions, particularly the World Bank, to improve the effectiveness of their services in the areas of strengthening investment frameworks and improving investment climates. The ongoing failure to complete the Doha Development Round on time was regrettable; as a landlocked developing country, Azerbaijan supported calls for a resumption of negotiations.

35. Her Government was committed to the principle of national ownership of development strategies. An economic reform programme had been in place since the mid-1990s and eventually macroeconomic stability had been achieved. Furthermore, for two consecutive years, Azerbaijan had enjoyed unprecedented growth in GDP, which had reached 30 per cent in 2006, driven by oil and gas production and exports. In 2006, State spending had gone up by 65 per cent, with a large portion being spent on public sector wages, pensions and infrastructure. Azerbaijan also accounted for a large share of FDI invested in transition economies in recent years and remained among the top FDI inflow performers globally.

36. Azerbaijan's improved business climate had been recognized by the World Bank and by the Organization for Economic Cooperation and Development (OECD), which had recently upgraded its risk classification from level 6 to 5. Azerbaijan had also issued its fourth Extractive Industries Transparency Initiative (EITI) report and, in September, had launched the fifth reporting cycle. Those reports, and the partnership with the EITI coalition, clearly demonstrated her Government's commitment to prudent resource management and accountability.

37. Azerbaijan was also making headway in negotiating WTO accession. It already had a trade

system free of non-tariff restrictions and was continuing its reforms in such areas as tariffs, customs, taxation, banking and finance. The current challenge was to develop the non-oil sector of the economy and promote labour-intensive industries, as opposed to the oil sector, which employed less than 1 per cent of the workforce. In that regard, she welcomed the important role ascribed to employment in the Secretary-General's report (A/61/253) and hoped that the ministerial declaration of the 2006 high-level segment of the Economic and Social Council would be given effective follow-up in promoting an environment conducive to generating productive employment. Azerbaijan also attached great value to multilateral dialogue on systemic issues, including those relating to transition economy voice and participation in international economic decision-making and norm-setting.

38. Lastly, she pledged her Government's full support for Qatar's offer to host the first follow-up international conference on financing for development.

39. **Mr. Lukwiya** (Uganda) said that the Monterrey Consensus was a pragmatic complement to the Millennium Development Goals. Its effective implementation was vital to achieving poverty reduction. Implementation of the global partnership for development was also very necessary.

40. The cornerstone of that Consensus was the acknowledgement that developing country capability to achieve the Millennium Development Goals was heavily influenced by external factors, a key one being ODA. Quick and effective solutions to developing country debt problems and progress on addressing systemic issues relating to the coherence and consistency of the international monetary, financial and trading systems would both contribute significantly to implementation of the Monterrey Consensus. The report of the Secretary-General (A/61/253) made it clear that the international community needed to do much more in both areas. Both the Millennium Compact and the Monterrey Consensus had promised an increase in ODA. If all the pledges made in 2002 had been met, ODA would have risen to $75 billion by the end of 2006. Unfortunately, that had not happened.

41. One reason for the slow pace was the lack of substantive progress on debt relief. The increase in ODA rested largely on debt relief, which was recognized fully as ODA in the year in which the debt was forgiven. Although the relief granted became effective only later, countries benefited immediately, as they no longer had to pay for debt servicing. Trade was another vital area where progress was slow. The collapse of the Doha Round was not good for implementation of the Monterrey Consensus, as developing countries were missing an opportunity to access developed country markets and poorer developing countries, the markets of more advanced developing countries. A multilateral agreement in the framework of the Doha Round could achieve much more than bilateral agreements. He called on Uganda's major development partners to open up their markets and remove agricultural subsidies unconditionally. Once they took the lead, other developed countries would follow.

42. Lastly, he called for greater cooperation among existing institutions in following up and implementing the Monterrey Consensus and for the follow-up mechanism to be strengthened.

*The meeting rose at 4.20 p.m.*

United Nations A/C.2/61/SR.11

# General Assembly
Sixty-first session

Official Records

Distr.: General
26 October 2006

Original: English

## Second Committee

**Summary record of the 11th meeting**
Held at Headquarters, New York, on Wednesday, 11 October 2006, at 10 a.m.

*Chairperson*: Ms. Intelmann ..... (Estonia)

## Contents

Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance

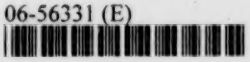
(b) Special economic assistance to individual countries or regions

(c) Participation of volunteers, "White Helmets", in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-56331 (E)



*The meeting was called to order at 10.10 a.m.*

**Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance**

**(b) Special economic assistance to individual countries or regions** (A/61/78-E/2006/61 and A/61/209)

**(c) Participation of volunteers, "White Helmets", in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development** (A/61/313)

1. **Mr. Bessler** (Office for the Coordination of Humanitarian Affairs (OCHA)) introduced the Secretary-General's reports on humanitarian assistance and rehabilitation for El Salvador and Guatemala (A/61/78-E/2006/61), on humanitarian assistance and rehabilitation for selected countries and regions (A/61/209), and on the participation of volunteers, "White Helmets", in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development (A/61/313).

2. The report on humanitarian assistance and rehabilitation for El Salvador and Guatemala, which had previously been introduced to the Economic and Social Council, contained an analysis of the impact of tropical storm Stan on the two countries and identified the common challenges and lessons learned. It focused on the capacity of the United Nations for response and recovery, its coordination of the response, the mobilization of resources, the effective use of military assets, and the management of information. It also assessed the incorporation of risk-reduction measures in response, recovery and development processes.

3. One of the report's main recommendations was that the United Nations humanitarian agencies should reaffirm their commitment to supporting Central American Governments in the formulation and implementation of policies, strategies and institutional arrangements for risk identification, preparedness measures, and risk reduction. The report also called for increased resources to enable the United Nations to improve its coordination with the Governments concerned. Tropical storm Stan had occurred shortly after the earthquake in Pakistan, and had demonstrated how difficult it was for the international community to react to two major disasters occurring almost simultaneously.

4. The report on humanitarian assistance and rehabilitation for selected countries and regions provided information on the relief and rehabilitation assistance provided by the United Nations and its partners to those affected by natural and manmade disasters. The individual reports on each of the six countries concerned had been consolidated into a single document, in accordance with the request of the General Assembly to streamline and consolidate reports wherever possible. For each country, the report addressed the major developments and the main challenges, and then made certain recommendations.

5. As the reporting period mainly included data collected before the declaration of independence by the Republic of Montenegro, the former Serbia and Montenegro had been considered under a single heading. Future reports would address the two countries separately. In 2005, the trend towards a declining need for humanitarian assistance in Serbia and Montenegro had been reversed as a result of natural disasters such as flooding. The Serbian Government had again underscored the need to provide assistance to vulnerable persons such as refugees and internally displaced persons (IDPs). The report therefore called on donors to continue supporting humanitarian action in Serbia.

6. The situation in Somalia was very challenging for the humanitarian community, as it included drought and access difficulties which made it very hard to meet the needs of the vulnerable population. In view of the volatile environment, the report called on donors to provide flexible emergency funding and suggested investing in the operational capacities of NGOs in particular.

7. The Secretary-General's report on the participation of "White Helmets" in the activities of the United Nations covered the period from July 2003 to July 2006, and provided an overview of the activities of the Government of Argentina's "White Helmets" initiative. The report addressed programme activities, including the dissemination of the underlying concept and the response given to requests from Governments or the United Nations for emergency assistance. The "White Helmets" initiative offered proof of the

effectiveness of standby arrangements that could provide assistance in a flexible and economic manner, and showed that all countries had the ability to make a similar contribution.

8. **Ms. Sekkenes** (United Nations Development Programme (UNDP)) also introduced the Secretary-General's report on humanitarian assistance and rehabilitation for selected countries and regions (A/61/209), which had been jointly prepared by OCHA and UNDP. The support provided by UNDP to the countries reviewed in the report included support for early recovery efforts and for building national capacities and addressing future crises and their root causes.

9. Despite the diverse characteristics of the six countries, most showed positive trends with respect to their distinct challenges. However, several constraints remained, and a common feature was the need for continued humanitarian assistance to support further progress. In the transition from a humanitarian to a development context, capacity-building frequently featured in the report as a continued need in a number of different areas. Furthermore, there was a need for support and assistance in involving civil society in the process of achieving poverty reduction, democratic institutions and development.

10. Building upon the successful provision of support in critical areas, UNDP was supporting Angola in creating lasting institutional capacities for the transparent and accountable management of natural wealth and resources, as well as in achieving the Millennium Development Goals. In Liberia, UNDP had invested significantly in transitional recovery efforts, especially in the area of disarmament, demobilization and reintegration. It was also supporting efforts to build the capacities of new national institutions for the delivery of public goods and services, and was likely to step up those efforts in the near future. Particular emphasis would be placed on institutions that developed and implemented macroeconomic policy.

11. Mozambique had recently been affected by HIV/AIDS, drought and cholera, but had shown remarkable leadership and foresight in building its own capacities for addressing those crises. UNDP was heavily involved in directly supporting, as well as coordinating, international assistance, and expected to increase that support in the near future. It would continue to support area-based programmes in Serbia, with particular regard to the sustainable resettlement of the remaining IDPs in Kosovo and other areas. UNDP supported the conclusions of the Secretary-General's report with regard to sustainable development in the new Republic of Montenegro. Programmes to increase the social inclusion of vulnerable groups and build social cohesion in general, develop systems to improve the management of natural and tourism resources, and accelerate the reform of public administration would be the main priorities of UNDP assistance to the country.

12. UNDP was currently supporting an extensive, district-based peacebuilding project in Somalia. It had also been providing significant assistance over the past 10 years for efforts to reduce the influx of small arms, disarm and demobilize combatants and improve the delivery of basic needs and services at the local level. However, many of those initiatives and gains had been threatened by the recent upsurge in violent conflict. Should an agreement be reached between the Transitional Federal Government of the Somali Government and the Islamic Courts Union on issues such as the merging of their security forces into a common security structure, power sharing at the national and local levels, and the process for drafting a common Constitution, UNDP stood ready to provide the relevant technical support.

13. **Mr. Fuks** (Argentina), speaking as President of the White Helmets Commission of Argentina, welcomed the Secretary-General's report on the participation of "White Helmets" in the activities of the United Nations, recommending to the United Nations system the concept of pre-identified standby teams of trained volunteers.

14. The Argentine delegation would submit a draft resolution aimed at enhancing the establishment of volunteer networks with a view to combating hunger and poverty within the context of efforts to achieve the Millennium Development Goals and preventing and mitigating the damage created by emergency situations and disasters. The draft resolution would reflect the key aspects of the working methods of the "White Helmets". It would stress the establishment of mechanisms facilitating local management of risk situations and the development of regional networks that could respond rapidly and effectively to emergency situations and disasters. Combating hunger required the commitment of all countries to establish a system that was effective and reached those in need. In that context, working together with Brazil and

Guatemala, the White Helmets Commission of Argentina would seek to establish partnerships with the World Food Programme (WFP). The international community had on many occasions demonstrated its commitment to assist populations in need, and the integration of volunteers into the operational mechanisms of the United Nations system would provide a further means to achieve that goal.

15. **Ms. Heikkilä** (Finland), speaking on behalf of the European Union, said that the European Union would comment on the reports in a statement at a plenary meeting of the General Assembly.

16. **Mr. Pankin** (Russian Federation) said that the Russian Federation's main statement on strengthening humanitarian coordination would be made at a plenary meeting of the General Assembly, but that he would comment on the Secretary-General's report (A/61/209). His delegation agreed that Angola, Liberia and Mozambique had moved from an emergency assistance phase to a development phase, because assistance had reached the groups who most needed it: refugees and internally displaced people. However, the report did not analyse in detail the ongoing problems with those same groups in Serbia. Those people had been forced to flee their homes in the Serbian territory of Kosovo and other parts of the former Yugoslavia to seek temporary refuge elsewhere in Serbia and neighbouring countries. They had been away from their homes for years and were therefore entitled to humanitarian assistance under the humanitarian principles, which should in turn be governed by the principles of neutrality and impartiality. It was pointless to await the final status of the Serbian province of Kosovo as proposed in the report, since under international law those people should be allowed to return home no matter what the outcome.

17. The Russian delegation supported the recommendation made in resolution 2006/5 of the Economic and Social Council that the item should be reallocated to the plenary of the General Assembly.

18. **Ms. Manuel** (Angola) regretted that the Secretary-General's report (A/61/209) failed to outline the steps and results of implementation of resolution 59/216. The analysis should reflect the measures and practices that had contributed to implementation, so that best practices and less successful practices might be identified. Realizing that it bore the primary responsibility for improving its humanitarian situation and creating the conditions for long-term development and poverty reduction, Angola recognized that lasting peace and stability were a prerequisite for attaining those objectives. As a participant in the African Peer Review Mechanism, Angola was committed to good economic, social and political governance.

19. With the end of the armed conflict in 2002, the Government of Angola had set out a strategy and national development programmes for the years 2002 to 2006 to combat poverty and address the issues of social reintegration, demining, rural development and food safety, HIV/AIDS, education, rehabilitation of infrastructure, employment, professional training, macroeconomic administration and good governance. The programmes had succeeded in stabilizing the economy and improving social indicators. In addition, the Government of Angola had devised an Operational Plan to address HIV/AIDS. Those programmes were beset by a lack of resources and institutional capacity to maintain them. Politically, Angola's priority was to consolidate its democratic system and the rule of law to ensure political stability, human rights and economic development.

20. Despite progress, Angola continued to face the challenges of reconstruction and reintegration of internally displaced persons, refugees and former combatants. International assistance, although no longer within the realm of humanitarian assistance, remained essential. Her delegation appealed to the Committee to consider countries that, like Angola, were in transition towards economic growth and sustainable development. Her delegation supported the inclusion of an item in the agenda of the United Nations that would allow the debate and adoption of political recommendations to improve the institutional capacity and resources for countries like Angola, and expressed its gratitude to the donors and United Nations agencies, funds and programmes for the assistance provided to Angola.

21. **Mr. Kruljević** (Serbia) welcomed the Secretary-General's acknowledgment in his report (A/61/209) that the United Nations would continue to seek support for Serbia from the international community in the next two to three years. Serbia's living standards had improved, but the country continued to suffer from high unemployment, inflation, poverty and a large number of refugees. Reducing or ending international assistance would undermine the transition from humanitarian assistance to long-term economic

development and impede reforms. Serbia still sheltered thousands of refugees and internally displaced people. Although the conflict had ended many years earlier, assistance was still needed for local integration and repatriation. Serbia was particularly interested in receiving assistance to implement its National Strategy for the Resolution of the Problems of Refugees and Displaced Persons and would soon be creating a legal framework to implement local integration, particularly with regard to housing problems.

22. The Government of Serbia was also committed to cooperating with other States and partners to successfully implement the Sarajevo Declaration and thus eliminate the remaining obstacles to repatriation. It appreciated the decision by the United Kingdom to allocate financial assistance for the return of internally displaced persons, and expected that the United Nations Development Assistance Framework (UNDAF) would continue to be implemented. He expressed gratitude for the humanitarian assistance provided through the United Nations and hoped that it would continue for as long as was necessary.

23. **Mr. Al-Hajrey** (Kuwait) commended the international community for the cooperation and generosity it had displayed in coordinating the massive relief efforts for the victims of the Asian tsunami of 2004, Hurricane Katrina, the hurricanes that had struck the Caribbean region and the earthquakes that had struck Pakistan and Bam in the Islamic Republic of Iran.

24. While the United Nations had played a prominent role in disaster relief efforts through its various agencies, programmes and offices, he urged the Organization to improve coordination in order better to respond to disasters. In that regard, the establishment of the Central Emergency Response Fund was a step in the right direction. Kuwait provided bilateral assistance to disaster-afflicted countries or regions. It had provided more than $1 billion in relief assistance during the past few years and closely cooperated with and made financial contributions to the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), the World Health Organization (WHO), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA).

25. The scope of recent natural disasters and the loss of human life and damage to economic and social infrastructures, especially in developing countries, required the international community to strengthen its coordination and intensify its solidarity in order to overcome those crises, or at least mitigate their effects. A regional early-warning system should be established to mitigate the consequences of disasters, particularly in high-risk areas. The developed countries should help the developing countries to set up such a system and to strengthen infrastructure by lending the necessary technical assistance.

26. Kuwait would not only continue its bilateral and multilateral donations in response to disasters but would donate to rebuilding efforts through its various development and relief agencies such as the Kuwait Fund for Economic Development and the Kuwait Red Crescent Society.

27. **Mr. Yao** Wenlong (China) commended the United Nations and the international community for their concerted efforts and achievements in providing Angola, Liberia, Mozambique, Serbia, Montenegro, Somalia, El Salvador and Guatemala with emergency and humanitarian relief and support for their economic recovery. Although most of those countries had moved on to post-disaster rehabilitation, reconstruction and development, they were still in dire need of financial support from the international community to enable them to meet the daunting economic recovery challenges impeding their progress towards the Millennium Development Goals.

28. Although the United Nations system had raised some funds for the countries in question through the Consolidated Appeal Process, the funding level was far from the projected target. Commitments of assistance should be honoured as soon as possible, and his delegation urged the developed countries to contribute generously and provide countries struck by disasters, the least developed countries in particular, with additional humanitarian relief and reconstruction assistance.

29. As a disaster-prone developing country, China knew only too well the suffering that disaster brought to local populations. In the past year his Government had actively participated in major international emergency relief operations and, through bilateral and multilateral channels, had provided some affected countries with emergency humanitarian assistance in

cash and in kind. The Government and people of China would continue to support the United Nations system in its disaster relief and reconstruction efforts.

30. **Mr. Sardenberg** (Brazil) said that the efforts of the United Nations system to address the funding and strategic planning gap between relief and development activities in the context of natural and man-made disasters must reflect the Millennium Development Goals. The United Nations should focus on capacity-building of national institutions in order to create favourable conditions for the development of sustainable nationally owned strategies.

31. Such efforts were particularly important in countries emerging from conflict. His delegation was encouraged by recent positive developments in Angola in the context of the peace process and commended the Government of Angola for its post-conflict recovery efforts. His country fully supported Angola's peacebuilding efforts and, along with other developing countries, was engaged in maximizing South-South cooperation there, in particular with respect to infrastructure and capacity-building.

32. With regard to Liberia, the current transition from humanitarian assistance to development was severely affected by the phasing out of activities by many critical NGOs and by funding difficulties. Funds must be administered and allocated more efficiently in order to maximize the use of resources to address chronically under-funded situations.

33. With regard to Mozambique, an integrated comprehensive approach to cooperation consistent with the Millennium Development Goals was urgently needed to address the country's requirements. An adequate and efficient response to the challenges posed by that triple threat of widespread HIV/AIDS, food shortages and institutional deficiencies would be possible only in the context of efforts to eradicate hunger and poverty. The Action Plan for the Reduction of Absolute Poverty was a key element of the effort to cope with that triple threat. His delegation commended the Government of Mozambique for its success thus far in tackling the many challenges that country faced and welcomed the contributions of the United Nations system to further develop the capacity of the National Disaster Management Institute in the areas of information, communication and advocacy.

34. As the section of document A/61/209 concerning Somalia and Montenegro indicated, in order to address the plight of internally displaced persons, the delivery of humanitarian aid was critical in order to mitigate the most harmful effects of conflicts.

35. The impact of tropical storm Stan in Guatemala and El Salvador and of the eruption of the Ilamatepec volcano in El Salvador, described in document A/61/78, demonstrated the challenges faced by countries in Central America and the Caribbean and the need for prompt assistance by the United Nations system, in close cooperation with their Governments and civil society. His delegation agreed with the Secretary-General that it was essential to protect highly vulnerable groups in the region, including indigenous populations, who as a rule suffered the most when natural disasters struck.

36. As the reports of the Secretary-General under consideration indicated, humanitarian assistance must be part of a broader approach encompassing recovery and reconstruction. In discharging their respective mandates, United Nations institutions must enhance the coordination of their efforts in order to facilitate implementation of a comprehensive approach and avoid setbacks in the achievement of the Millennium Development Goals.

37. **Mr. Barnes** (Liberia) welcomed the insightful report in document A/61/209 and commended the Secretary-General for his personal efforts and unwavering commitment to the rebuilding and recovery process in his country. Nine months into the administration of the new Government, considerable progress had been made in advancing that process. In particular, the authority of the State had been consolidated throughout the country. Additional positive developments included the rehabilitation and reintegration of former combatants; reform of the National Police and reconstitution of the Armed Forces of Liberia; the promotion of human rights and the rule of law; and restoration of proper management of natural resources.

38. His country commended the Economic Community of West African States, the African Union, the United Nations system, bilateral and multilateral donors, and governmental and non-governmental organizations for their continued moral support and their financial and other assistance for the recovery process. His Government encouraged active dialogue with all its partners in order to translate that goodwill and commitment into tangible programmes.

39. His Government was fully aware that the task of rebuilding Liberia rested with Liberians, and it appealed to its partners for their indulgence as the country struggled to shift from aid and humanitarian efforts directed at relieving human suffering to efforts to achieve sustainable development.

40. In pursuit of that objective, his Government had implemented prudent fiscal policies to improve revenue generation and curb corruption. It had also embraced the Governance and Economic Management Assistance Program and other reform initiatives, including civil service reform and the empowerment of local governments. At two United Nations-sponsored meetings between the Government and its development partners, in July and September 2006, his country had outlined its development agenda, which was based on four pillars: security; good governance and the rule of law; economic revitalization and infrastructure; and basic services for recovery, reconstruction and development. Participants had indicated that they were encouraged by the direction his country had taken. The convening of a donor conference for the reconstruction and development of Liberia had also been suggested to the donor community.

41. His Government welcomed the extension by the Security Council of the mandate of the United Nations Mission in Liberia to March 2007 and the Council's determination not to consider plans for premature withdrawal of troops, which could endanger the security of the country. Notwithstanding the progress made in recent months, the situation in Liberia remained fragile and could pose a threat to peace and security in the subregion. It was to be hoped that his country could continue to rely on the support and empathy of the international community.

42. **Mr. Aguirre** (Guatemala) said that his country continued to suffer the effects of the 2005 hurricane season. In fact, OCHA had called for an additional four million dollars for the World Food Programme and for further donations to the Natural Disaster Prevention and Mitigation Programme in aid of Guatemala.

43. The reconstruction effort in Guatemala had involved the central Government, local institutions, departmental and municipal bodies and, above all, civil society. Looking to the future, Guatemala had developed a management risk strategy together with the affected population that focused on strengthening the social fabric; creating a national sustainable infrastructure; supporting economic and productive security; and managing water basins. The different reconstruction projects included highway and bridge reconstruction, water basin protection, agricultural production, housing and food support.

44. Sustainable development and disaster risk management were closely linked, particularly as disasters typically struck the poorest sectors of the population. The Government of Guatemala welcomed the international community's efforts to coordinate actions and was especially grateful for the assistance of the Coordination Centre for Natural Disaster Prevention in Central America.

45. In conclusion, Guatemala called on all nations to cooperate in meeting the challenges of disaster reduction and pledged to strengthen its own disaster reduction strategy.

46. **Mr. Kaludjerović** (Montenegro) said that the number of refugees and displaced persons residing in Montenegro had fallen from 22 per cent of the population to 4 per cent over the past seven years. With the help of international organizations, many humanitarian challenges had been resolved; recently, however, assistance for refugees and displaced persons had been drastically reduced.

47. After Montenegro had regained its independence, the Government had decided that displaced persons from the former Yugoslavia, including Kosovo, would maintain their status and rights until the new laws on citizenship and asylum were adopted. The new laws met international standards and had received a positive reaction from the international community.

48. Montenegro had already signed the Sarajevo Declaration of Friendship and Partnership and planned to conclude special bilateral agreements on refugee return with Serbia, Bosnia and Croatia. It had also started to implement a cooperation protocol with the office of the United Nations Interim Administration Mission in Kosovo (UNMIK) and was taking steps to accelerate its accession to certain United Nations international agreements, declarations and protocols dealing with refugee matters.

49. The Government had adopted its first report on the implementation of the Poverty Reduction Strategy Paper for 2003-2004. Given that Montenegro was a country in transition, the percentage of absolute poverty was relatively small. However, some extremely

poor vulnerable groups did exist, primarily among internally displaced persons and the Roma population.

50. Finally, the Government had adopted several important strategic documents in the field of environmental protection, waste management and housing, which had been brought into line with the standards and directives of the European Union and international conventions.

51. **Ms. Interiano** (El Salvador) said that her Government welcomed the immediate response of OCHA following the tropical storm Stan and the eruption of the Ilamatepec volcano in 2005. That support had enabled the Government to promptly assess the damage which, according to the Economic Commission for Latin America and the Caribbean (ECLAC), amounted to more than $350 million. The Government also recognized the assistance of the non-governmental organizations and private corporations in rebuilding the social infrastructure.

52. Although it agreed with the overall content of the Secretary-General's report (A/61/78-E/2006/61), the Government of El Salvador wished to make a clarification with respect to the statement in paragraph 26 that there was "still no system in Guatemala and El Salvador that centrally records the financial aid ... received". While it was true that there was no central mechanism that recorded the amount of aid received, the Salvadorian Ministry of Foreign Affairs had requested and recorded international humanitarian assistance through an ad hoc body set up to respond to natural disaster emergency situations in El Salvador.

53. Central America's special vulnerability to natural disasters limited its ability to achieve the Millennium Development Goals. The Government of El Salvador agreed that the United Nations should support the Governments of the region in the establishment of information management systems to inform timely and adequate decision-making in emergency situations and that such systems should include recovery, rehabilitation and reconstruction perspectives in order to facilitate reconstruction plans.

54. According to the assessment conducted by ECLAC, quantitatively, the greatest impact of the disasters of October 2005 was felt in the social sector. There had been qualitative implications for different population sectors, in particular vulnerable groups with home-based businesses, such as women, small farmers and owners of small businesses. Their situation required a short-term strategy to restore production capacity and income.

55. El Salvador hoped that all Member States would reflect on the disaster situations that had recently occurred in different parts of the world and re-evaluate their commitments and decisions accordingly.

56. **Ms. Armanni Sequi** (International Federation of Red Cross and Red Crescent Societies (IFRC)) said that coordination at the national level must be led by the Governments of countries affected by disasters. IFRC Societies were typically members of national disaster management mechanisms, a presence that was vital for ensuring that the community was represented throughout disaster preparedness and response efforts. IFRC also had 98 million volunteers who mobilized friends, families and neighbours to ensure that even people in the most remote areas were reached.

57. The international humanitarian system had significantly improved its response capability over the past year. Although work on the cluster system was far from complete, that was a promising arrangement in terms of coordination, especially as it was adaptable to different situations and participants. That flexibility had enabled IFRC to sign a memorandum of understanding with the United Nations Office for the Coordination of Humanitarian Assistance to Afghanistan to formalize the Federation's leadership of the emergency shelter cluster in natural disasters.

58. In May 2006 IFRC had led the Emergency Shelter Coordination Group (ESCG) following the Yogyakarta earthquake in Indonesia. Although ESCG had successfully achieved its goals and fulfilled its mandate, the Federation planned to review the Group's work to study the lessons learned and their proper integration into the cluster system. Details concerning those lessons would be found in her written statement circulated to the members of the Committee.

59. Challenges clearly remained with respect to the coordination of humanitarian assistance. As the response to natural disasters in various parts of the world over the past year had demonstrated, better preparedness in each case would have saved many lives and reduced much of the physical impact. Moreover, in the current recovery stage, too little attention was being paid to building preparedness for the future. Accordingly, as the Secretary-General himself had indicated, it was imperative to obtain a real and measurable commitment of States and donors to

integrating preparedness and risk reduction activities in humanitarian response efforts. She described a number of international disaster preparedness activities in which IFRC played a key role.

60. For example, the Federation was engaged in a thorough assessment of a very important dialogue it had hosted in July 2006 in Geneva among the leaders of some 40 United Nations and non-United Nations humanitarian organizations. The dialogue, chaired by the United Nations Emergency Relief Coordinator, had concluded that there was a need for a new global platform comprising the United Nations system, NGOs and the International Red Cross/Red Crescent Movement to function as a steering committee. The Committee's country focus could facilitate future operational coordination.

*The meeting rose at noon.*

United Nations A/C.2/61/SR.12

General Assembly
Sixty-first session

Official Records

Distr.: General
27 October 2006

Original: English

## Second Committee

**Summary record of the 12th meeting**
Held at Headquarters, New York, on Thursday, 12 October 2006, at 10 a.m.

*Chairperson*: Ms. Intelmann ..... (Estonia)

## Contents

Agenda item 51: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*)

(d) Commodities (*continued*)

Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance (*continued*)

(c) Participation of volunteers, "White Helmets", in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development (*continued*)

Agenda item 50: Information and communication technologies for development

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-56644 (E)

*The meeting was called to order at 10.10 a.m.*

**Agenda item 51: Macroeconomic policy questions** (*continued*)

**(b) International financial system and development** (*continued*) (A/C.2/61/L.3)

*Draft resolution on the international financial system and development*

1. **Mr. Le Roux** (South Africa), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/61/L.3. The Group regarded the resolution as very important because the General Assembly was the only international body in which developing countries enjoyed equal voice and participation on issues relating to the international financial system. Many of the paragraphs in the draft were agreed paragraphs from the resolution adopted at the Assembly's sixtieth session. It was very important that those paragraphs remain, as inadequate progress had been made on the issues concerned. The draft resolution had also been updated to take account of the outcomes of the spring 2006 meetings of the Bretton Woods institutions and the WTO meeting held recently in Singapore, as well as the provisions of General Assembly resolution 60/265 on follow-up to the development outcome of the 2005 World Summit.

**(d) Commodities** (*continued*) (A/C.2/61/L.2)

*Draft resolution on the International Year of Natural Fibres*

2. **Mr. Le Roux** (South Africa), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/61/L.2, which had been mandated by the Food and Agricultural Organization of the United Nations (FAO). In the draft, Member States requested that the General Assembly should declare the year 2009 as the International Year of Natural Fibres.

**Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance** (*continued*)

**(c) Participation of volunteers, "White Helmets", in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development** (*continued*) (A/C.2/61/L.4)

*Draft resolution on the participation of volunteers, "White Helmets", in the activities of the United Nations in the field of humanitarian relief, rehabilitation and technical cooperation for development*

3. **Mr. Fuks** (Argentina) introduced draft resolution A/C.2/61/L.4, which was aimed at enhancing the establishment of volunteer networks with a view to combating hunger and poverty within the context of efforts to achieve the Millennium Development Goals and preventing and mitigating the damage created by emergency situations and disasters. It also advocated the establishment of mechanisms facilitating local management of risk situations and the development of regional networks that could respond rapidly and effectively to emergency situations and disasters.

**Agenda item 50: Information and communication technologies for development** (A/61/94 and Add.1, A/61/165 and A/61/254)

4. **The Chairperson** drew attention to the note by the Secretary-General transmitting the report of the Joint Inspection Unit (JIU) on policies of United Nations system organizations towards the use of open source software for development (A/61/94). It had not been possible for a representative of JIU to introduce the report. However, it was her understanding that JIU would be sending written comments on the addendum to the report (A/61/94/Add.1), which contained the comments of the Secretary-General and the United Nations System Chief Executives Board for Coordination (CEB) on the report of JIU. The JIU comments would be circulated to Committee members as soon as they were received.

5. **Mr. Herman** (Secretariat of the United Nations System Chief Executives Board for Coordination) introduced the Secretary-General's report on information and communication technologies for development (A/61/254), as well as the note by the Secretary-General on the JIU report (A/61/94/Add.1). The report described progress in the implementation of General Assembly resolution 57/295, by which the Assembly had requested the United Nations system to create and implement a system-wide strategy to

leverage the benefits of ICT to enhance the efficiency, effectiveness and impact of the development programmes and technical cooperation activities of the United Nations organizations. In 2004, the United Nations system organizations had delivered the ICT Strategic Framework, which described the principles for moving towards a unified technology environment and identified specific initiatives in that regard. In 2005, organizations had identified eight of those initiatives as priorities, and the report described the progress made towards their implementation.

6. Resolution 57/295 stressed the need to use technology to create a seamless collaborative environment among all bodies of the United Nations system and thereby make the Organization more efficient and effective in the delivery of services to Member States. Although some progress had been made over the past year, the system faced certain obstacles. Dwindling budgets and reduced resources had become a barrier to moving forward on many fronts, and the diverse nature of the system posed challenges to the creation of a unified ICT architecture. Furthermore, while organizations might perform many of the same tasks, they did so differently, and had therefore built slightly different systems. For example, most organizations operated their own payroll systems because they needed to do so, and overcoming that obstacle would require operational and policy adjustments. Calls to harmonize and integrate ICT activities must, therefore, be viewed as calls to harmonize and integrate operational and administrative activities.

7. The report also noted the contribution made to the ICT Strategic Framework by the United Nations ICT Task Force, which had concluded its mandate in December 2005. The Task Force had been able to strengthen the linkages between ICT and internationally agreed development goals, and its efforts had contributed substantially to the development of indicators needed to measure the effects of ICT within the development context. Lastly, the global alliance for information and communication technologies and development, a multi-stakeholder dialogue forum recently launched by the Secretary-General, would provide a critical channel for magnifying the effectiveness, visibility and impact that ICT could provide.

8. The JIU report was the second of two reports on the subject of free and open source software. While the earlier report had focused on the use of such software in the secretariats, the second considered how the free and open source software movement could have a positive impact on development efforts. The report clearly demonstrated that the movement had begun to challenge old models of software use, and organizations must apply a range of criteria when selecting software for institutional use, including support, training, cost of implementation and applicability to the task at hand. In the area of development, however, there was also a need to consider the social and economic implications of the model used to develop and distribute software. In contrast to the proprietary model of software distribution, the open source models were flexible in allowing users to change, diagnose or even repair products, as necessary, and then freely distribute them.

9. That flexibility had profound implications for all economies, especially those trying to cross the digital divide. For example, acquisition costs could be very low, allowing individuals with very little disposable income to participate in the information society. Moreover, it allowed individuals and organizations in smaller economic settings to utilize tools that would not ordinarily be available to them. However, their use could also involve considerable hidden costs, like those incurred because of the need to learn and fully utilize the selected tool. At least one organization noted that the ability to actually use and understand such technology was an important factor when creating an enabling environment for the advanced use of ICTs to improve development, implying the need for an educational system and other policy actions at the government and civil society levels.

10. Organizations believed that, while the JIU report did touch on those issues, additional details would have proven valuable. Although they made other comments on the study approach used and the recommendations made, they supported all the recommendations of JIU. While they felt that several recommendations did not fully explore all the issues surrounding the use of free and open source software for development, they felt that in general JIU had established useful guidelines for Member States and the United Nations system.

11. **Ms. Bilello** (United Nations Educational, Cultural and Scientific Organization (UNESCO)) introduced the report of the Director-General of UNESCO on communication for development programmes in the United Nations system (A/61/165), which provided a

review of system-wide activities for the period 2005-2006.

12. Nine United Nations system agencies, programmes and funds had contributed to the review of the existing coordination arrangements agreed upon at the ninth United Nations Inter-Agency Round Table on Communication for Development held in Rome in September 2004. Among the key conclusions and recommendations proposed during the Round Table were that communications should be acknowledged as a central element in all development initiatives, that donors and development agencies should set up well-resourced communication-for-development units to implement and promote initiatives, and that training initiatives should be fostered in developing countries.

13. Since the preparation of the report, UNESCO had organized ongoing consultations to ensure that a system-wide approach to communication for development was adopted within the context of United Nations Development Assistance Frameworks (UNDAFs) and common country assessments. General Assembly resolution 51/172, entitled "Communication for development programmes in the United Nations system", stressed the need to support communication systems that allowed communities to express their aspirations and concerns and participate in the decision-making process that related to their own well-being. Moreover, it was recognized that the Millennium Development Goals could not be achieved without good communication and that new strategies and tools must be developed to that end.

14. The Colombo Declaration on Media, Development and Poverty Eradication, adopted in May 2006, explicitly linked poverty reduction to freedom of expression and a free, independent and pluralistic media, and stated that UNESCO, as the lead agency for freedom-of-expression issues within the United Nations system, should act as a platform for dialogue among stakeholders on those issues. Fostering free and independent media was a key aspect of efforts to build inclusive knowledge societies through the media and the promotion of ICTs, and it was an essential component of the work of UNESCO in the area of communication and information.

15. Lastly, she informed the Committee of three UNESCO programmes that supported the development of communication media: the community radio and multimedia centre programme, the public service broadcasting programme, and the international programme for the development of communication. Another current and increasingly important priority for UNESCO was its development of media assistance in post-conflict situations.

16. **Mr. Snoussi** (Tunisia) asked whether the development of ICTs was not reproducing and even deepening disparities and causing marginalization instead of promoting integration. The digital divide was the product of an unbalanced economic context in which ICTs were viewed in two different ways: as a source of exclusion because they had not brought the same benefits or had the same economic and social impact on everybody and had helped increase regional and social disparities, on the one hand, and as a strategic development instrument because they held considerable potential which should be used appropriately and adapted to specific local contexts, on the other hand.

17. For developing countries, the digital divide posed both technological and socio-economic challenges. The integration of ICTs into an international cooperation and partnership framework would kick-start the process of social and economic development. In that regard, some progress had been made, as reflected in the International Telecommunication Union's report entitled "ICT/Telecommunication development in least developed countries (LCDs)". The report noted that teledensity targets set by the Brussels Programme of Action had been met by 25 of the 50 least developed countries. Nevertheless, more sustained efforts were required to allow all countries, especially the least developed countries, to take advantage of the digital revolution and to establish a global digital partnership based on a common vision of solidarity, complementarity and co-development. It was this vision that had led to the organization of the World Summit on the Information Society, held in Geneva and Tunis, whose outcomes should be implemented in order to bridge the digital divide. His delegation welcomed the decision to hold the Internet Governance Forum from 30 October to 2 November 2006 in Athens. It also supported the ongoing initiatives in the United Nations system to develop tools to integrate ICTs into development and technical cooperation activities. The ICT Task Force was to be commended for its efforts and the Secretary-General deserved thanks for launching the Global Alliance for ICT and Development.

18. **Mr. Al Bayati** (Iraq) said that it was vital to harness ICTs for the benefit of development strategies. He consequently supported the establishment of the Global Alliance for ICT and Development as an initiative designed to promote dialogue and partnership and serve as a global forum. He also noted that the Millennium Development Goals could not be attained without good communication focused on the three areas of natural resource management, isolated and marginalized groups and research, extension and education.

19. After enduring years of war and embargo, Iraq was now affected by a rash of terrorist activities that precluded any continuity of scientific and technological advancement. The country's ICT gap was also widened by such factors as the increasing divide between rich and poor and difficulties in the private sector as a result of the worsening security and environmental conditions. Iraq looked forward to assistance from the international community in order to harness communications for development with a view to the future, including, for example, the elaboration of more effective policies based on the Millennium Development Goals and the consequent adoption of a more coordinated approach to development and poverty eradication. Iraq further aspired, inter alia, to keep pace with the rapid growth in ICTs, bridge the knowledge and information gap and integrate ICTs with development activities.

20. Access to information was a prerequisite for the achievement of many ICT objectives that in turn related to achievement of the Millennium Development Goals. Iraq was therefore seeking to establish a flourishing ICT industry in pursuit of those objectives. The integration of ICTs into Poverty Reduction Strategy Papers (PRSPs) would help donor States and United Nations agencies to identify the country's needs in terms of poverty alleviation. Iraq was also working hard to eliminate gender disparity in education at all levels and set up education and literacy programmes for poor girls and women, to which end ICTs were urgently needed for vocational training and instruction programmes for out-of-school girls and girls in remote rural areas. Iraq additionally looked to the specialized agencies to facilitate access to remote-sensing technologies and communication networks that would enhance the effective monitoring of environmental dangers and resource management, as well as promote awareness of sustainable development strategies in a number of areas. In conclusion, he endorsed the call to address the needs of the least developed countries, landlocked developing countries and small island developing States, as well as the call for more generous ODA for countries which had declared their commitment to poverty alleviation and cooperation with the private sector in order to benefit from new technologies, in particular ICTs.

21. **Mr. Jenie** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the ICT Task Force had strengthened the link between ICT and the work of the United Nations in meeting the internationally agreed development goals. The Association supported the action taken to enhance knowledge sharing across the United Nations system. The interaction of many stakeholders through the Global Alliance for ICT and Development launched in 2006 could support the activities of the World Summit on the Information Society. Open source software was useful not only in enhancing economic opportunities, but also in managing information for health care and environmental protection.

22. ASEAN was striving to build a connected, vibrant and secure ASEAN Community through universal access to ICT infrastructure and services, greater cooperation on regulatory policy and strategy, and concerted efforts to achieve a more even and widespread development of ICT in the region. In September 2006, ASEAN had adopted the Brunei Action Plan, which focused on capacity-building and training programmes and called for greater engagement with its dialogue partners and cooperation with international organizations in several areas of ICT technology.

23. ASEAN member countries had agreed to establish an ICT fund with a fast-track approval mechanism to support their cooperative programmes and provide assistance for ICT pilot projects initiated by the private sector. ASEAN had several mechanisms for facilitating information exchange, including its TELMIN framework, Specialised Meteorological Centre and Earthquake Information Centre, as well as the Asian Disaster Preparedness Centre linking national tsunami early warning centres.

24. The Association supported the Tunis Commitment to build a development-oriented information society in which access to market information and lower transaction costs for poor

farmers and traders would transform benefits into economic growth. Comprehensive assistance to developing countries should continue, with a focus on creating infrastructure such as e-commerce, e-agriculture, e-health and e-education. The United Nations had a unique role to play in training personnel in the operation and management of modern telecommunications networks, and should also continue its work on including ICT in environmental protection, disaster response and sustainable development.

25. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the UNESCO report transmitted in document A/61/165 emphasized the need for communication to focus on people, especially the poor, and called for scaling up successful examples of communication for development initiatives. Many of those programmes were being implemented in the least developed countries, where the majority of the poorest of the poor lived. The international community had made a commitment to pay particular attention to the needs of the least developed countries, landlocked developing countries and small island developing States to ensure equitable and affordable access to ICT for their socio-economic development. That commitment had already produced some tangible initiatives, most notably the Digital Solidarity Fund, but greater efforts were needed in financing and technology transfer to bridge the global digital divide.

26. The greatest divide was between the 50 least developed countries and the rest of the world. While the number of persons with cell phones had grown substantially in the least developed countries, it paled in comparison with the numbers in the developed countries. The disparities were even greater with regard to Internet access. The least developed countries needed ICT to support poverty reduction and sustainable development efforts, but they also needed investment in other sectors such as energy and education to address the underlying constraints to the effective use of ICT by the poor. Greater investment was required in developing technologies and initiatives, such as wireless communication and the $100 laptop launched by the Secretary-General at the Tunis Summit, that took those constraints into consideration. That could be achieved in part through public-private partnerships which could, for example, help reduce the costs of ICT for the least developed countries by offering more favourable terms in licensing agreements for the use of communications gateways and proprietary software. His office had joined the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Pacific Islands Forum in the Pacific Connectivity Initiative to study the possibility of connecting small islands in the region through global satellites.

27. Trade in ICT and ICT-based goods and services had great potential for the least developed countries, landlocked developing countries and small island developing States, which suffered from their remoteness from international markets. By engaging in e-trade, those countries could reduce their traditional export costs and might even be more competitive thanks to their lower labour costs. The matter should therefore be given greater attention in implementing the Brussels Programme, the Almaty Programme and the Barbados Programme and Mauritius Strategy.

28. **Ms. Kim** Eun-jeong (Republic of Korea) said that Governments had a crucial role in harnessing the power of ICT for development by establishing norms and rules, primarily to ensure freedom of expression, the free flow of information and competition among ICT-related businesses. ICT capacity-building, amongst young people and women in particular, should be a priority in the e-strategies of developing countries. In formulating those strategies, Governments should take advantage of regional cooperation and resources. An example of such cooperation was the Asia-Pacific Centre for Information and Communication Technology set up in the Republic of Korea to train regional policymakers and experts. The United Nations itself should be a model for successful e-government by integrating new ICTs into its work. The Republic of Korea had established a robust ICT infrastructure and understood the potential of ICT for development. ICT capacity-building and knowledge sharing were therefore major goals of initiatives the country had launched to assist with development in Asia, Africa and Latin America.

29. **Mr. Gerus** (Belarus) said that Belarus had participated actively in the Tunis Phase of the World Summit on the Information Society and was pleased that the General Assembly and the Economic and Social Council had moved quickly in 2006 to begin implementing its outcome. ICT should be brought to

bear on the thorniest problems of economic growth and social progress. That could best be done through national technology strategies, capacity-building, and international partnerships. Alongside the specialized United Nations institutions, funds and programmes, developed countries had a major role to play by sharing their experience in the use of information technology. But South-South cooperation was also crucial in helping developing countries harness the potential of ICT. At the XIV Conference of Heads of State or Government of the Non-Aligned Movement, the President of Belarus had proposed that a unified economic information database should be created to facilitate economic contacts between the Movement's member States.

30. While undergoing a significant social and economic transformation, Belarus was helping build a global information society by developing a national computerization program known as "Electronic Belarus" and similar large-scale ICT projects. ICT, electronic media and the rapid movement of information were essential to foster civil society and socio-economic development.

31. **Mr. Adhikari** (Nepal) said that ICTs were the fundamental tools for achieving the Millennium Development Goals. The digital divide posed a serious policy challenge and had further marginalized poor countries. One effective way of closing the digital divide was to ensure wider access to the benefits of ICTs. In that regard, Nepal welcomed the Global Alliance for ICT and Development launched by the Secretary-General. The international community should support poor and marginalized countries in their efforts to use ICT capabilities to spur their long-term growth and productivity. The Government of Nepal had mainstreamed ICT into its national development policies and programmes and sustainable development strategies. It emphasized the expansion of ICTs to rural areas and encouraged youth to play a role in the development of ICTs.

32. **Ms. Armanni Sequi** (International Federation of Red Cross and Red Crescent Societies) said that it was not possible for countries to manage a coherent disaster preparedness or response programme without giving detailed attention to the support provided by ICTs. Likewise, it was not possible in the modern world to imagine that development and poverty eradication could be accomplished without the contribution and increased use of ICTs. Consequently, the International Federation had focused on e-preparedness, making sure that technology was used to enhance communication, early warning and volunteer organization. The key steps to e-preparedness were a good understanding of the needs of the community and the support of the full community. For example, the Cameroon Red Cross had used computer technology to build its own long-term strategic plan and national policies, linking its local branches in towns and villages with its headquarters. The Namibia Red Cross was sharing knowledge to encourage behavioural change and to address health and development issues such as HIV/AIDS, malaria, gender-based violence and alcohol abuse. It had developed a partnership with the national organization Soul City to help distribute messages via radio, TV, print media and other means. While some positive results had been achieved, the potential of ICTs was far from being fully realized.

33. **Mr. Motter** (Inter-Parliamentary Union) said that almost every parliament in the world used ICTs for two main purposes: to be more transparent, accessible and accountable to the public and to be more effective in their parliamentary processes. However, the digital divide affected parliaments as much as it affected societies in general. To address the inequality, the United Nations Department of Economic and Social Affairs and the Inter-Parliamentary Union had created the Global Centre for Information and Communication Technology in Parliament. The Global Centre had two principal missions: to reinforce parliaments' capacity to harness ICT tools to better fulfil their democratic functions and to strengthen their role in the implementation of the outcomes of the World Summit on the Information Society and the attainment of internationally agreed development goals. The Global Centre was intended to act as a catalyst and clearing house for information, research, innovation and technology and as a hub for technical assistance. The number of internationally funded projects of assistance to parliaments had increased in recent years, but the projects remained fragmented. The Global Centre aimed to develop a structured approach to development of ICTs for parliaments. Parliaments were major stakeholders in the follow-up to the World Summit, given their constitutional responsibility for adopting the appropriate legislative framework that underpinned the development of information societies. The Global Centre would encourage parliaments to keep the Summit outcomes high on their agenda, as attested by the organization of an international conference on ICT-

related legislation scheduled to take place in Rome in early 2007. ICTs must be part of the solution to help parliaments meet the many challenges they faced and to perform their constitutional functions in a transparent, accessible, accountable and effective manner.

34. **Mr. Reyes** (Bolivarian Republic of Venezuela) said that, while the digital revolution was a vital resource for both developed and developing countries, it had also expanded the gap between those two sets of countries. New technologies should serve as an instrument to combat poverty and spur economic, social, political and cultural development. The products of current scientific and technological advances were being monopolized and not shared collectively, resulting not so much in a knowledge society but in one where corporations converted knowledge into a marketable commodity. His Government had stressed that information technology was one means by which States and society in general could create an economic and social system where knowledge and information were fundamental sources of well-being and progress. It had therefore established mechanisms to expand access to information technologies and adopted social policies that had eliminated illiteracy. Countries should therefore adopt policies and strategies that could guarantee universal access to education and fair access to ICTs.

*The meeting rose at 11.50 a.m.*

United Nations A/C.2/61/SR.13

General Assembly
Sixty-first session

Official Records

Distr.: General
8 November 2006

Original: English

## Second Committee

**Summary record of the 13th meeting**
Held at Headquarters, New York, on Tuesday, 17 October 2006, at 10 a.m.

*Chairperson*: Ms. Intelmann (Chairperson) ..... (Estonia)
*later*: Mr. Barry (Vice-Chairperson) ..... (Senegal)
*later*: Ms. Intelmann (Chairperson) ..... (Estonia)

## Contents

Agenda item 51: Macroeconomic policy questions (*continued*)

(c) External debt crisis and development (*continued*)

(d) Commodities (*continued*)

Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development (*continued*)

Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance (*continued*)

(b) Special economic assistance to individual countries or regions (*continued*)

Agenda item 51: Macroeconomic policy questions (*continued*)

(a) International trade and development

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-57460 (E)

*The meeting was called to order at 10.15 a.m.*

**Agenda item 51: Macroeconomic policy questions** (*continued*)

**(c) External debt crisis and development** (*continued*) (A/C.2/61/L.6)

**(d) Commodities** (*continued*) (A/C.2/61/L.7)

*Draft resolutions on external debt crisis and development, and on commodities*

1. **Mr. Le Roux** (South Africa), speaking on behalf of the Group of 77 and China, introduced draft resolutions A/C.2/61/L.6 and A/C.2/61/L.7.

2. Draft resolution A/C.2/61/L.6 updated General Assembly resolution 60/187 to reflect the progress achieved so far by the World Bank, the International Monetary Fund (IMF) and the African Development Bank (ADB) with respect to the Multilateral Debt Relief Initiative, as well as the outcome of the spring meeting of the Bretton Woods institutions and the WTO meeting in Singapore. Although some of the heavily indebted poor countries had received debt relief under the Initiative, debt remained a problem of crisis proportions for many developing countries. Debt sustainability was extremely important for developing countries, because it would help ensure that they achieved the internationally agreed development goals, including the Millennium Development Goals. Many paragraphs of the draft remained unchanged from the previous year's resolution because they had not yet been fully implemented.

3. Draft resolution A/C.2/61/L.7 was equally important, as many developing countries relied on the export of commodities. Addressing factors such as trade-distorting agricultural subsidies and lack of market access was key to enabling developing countries to mainstream their products into the global markets. The resolution had been updated to reflect current trends and positions.

**Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development** (*continued*) (A/C.2/61/L.5)

*Draft resolution on follow-up to and implementation of the outcome of the International Conference on Financing for Development*

4. **Mr. Le Roux** (South Africa), speaking on behalf of the Group of 77 and China, introduced draft resolution A/C.2/61/L.5, which was short and concise, and contained no issues of substance. Its main aim was to carry out the mandate of the Monterrey Consensus, as well as that of General Assembly resolution 60/188 and was concerned solely with the modalities and mechanisms for the planned review conference.

**Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance** (*continued*)

**(b) Special economic assistance to individual countries or regions** (*continued*) (A/C.2/61/L.9)

*Draft resolution on humanitarian assistance and reconstruction of Liberia*

5. **Mr. Sele** (Liberia) introduced draft resolution A/C.2/61/L.9 and noted that, since the beginning of the conflict in Liberia, his delegation had introduced successive draft resolutions calling for assistance for the rehabilitation and reconstruction of the country.

**Agenda item 51: Macroeconomic policy questions** (*continued*)

**(a) International trade and development** (A/61/272 and A/61/15 (Parts I-IV))

6. **Mr. Panitchpakdi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), introducing the Secretary-General's report on international trade and development (A/61/272), said that, while the global economy continued to grow and trade continued to expand, the impact of the underlying globalization process on developing countries had been mixed. The situation was aggravated by the asymmetry between the multilateral trading system, on the one hand, and the international monetary and financial systems, on the other, as well as by global economic imbalances. The

uncertainty arising from the suspension of the Doha Round was another cause for concern.

7. Since 1950, the global economy had more than quintupled in size. There appeared to be some correlation between growth in trade and growth in development, or GDP, although the causality of that relationship was not always clear. Over the past decade, developing countries' share of world trade had risen from 27 per cent to 34 per cent, while trade had increased as a share of their GDP from 49 per cent to over 65 per cent. The expansion of South-South economic relations had been a major positive factor in that process. The rise in the number of large transnational corporations from South economies was a reflection of that trend, as was the marked increase in South-South investment cooperation.

8. Although international trade and investment could be a powerful engine of growth, development and poverty reduction, experience had shown that trade worked in favour of development only when the conditions were right. A number of countries were still on the margins of global trade networks and had yet to participate beneficially in buoyant international trade transactions. It was clear that developments in the multilateral trading system were important for developing countries. However, developing countries — and the least developed countries, in particular — would require substantial development of their productive capacities if they were to benefit from that system. The trade liberalization agenda must be complemented by a trade-for-development programme that extended well beyond the Doha process.

9. The suspension of the trade talks had reduced countries' prospects for export-led growth and development, and might detract from any significant development yields expected from progress achieved in the negotiations thus far. Many development-related areas of the Doha Development Agenda had been put on hold, and the suspension of the Round hurt the world's poorest countries most acutely. If the current impasse persisted, it might undermine their confidence in the multilateral trading system itself. It might also send a negative signal to the world economy and even encourage renewed protectionism. Bilateral and regional trade initiatives with deeper commitments were already proliferating, and countries were also likely to resort increasingly to dispute settlement. The international community must bridge the various divides so that a fresh phase of fruitful negotiations could be launched. Members of the World Trade Organization must show flexibility, but it was also essential to sustain the ambitions of the Round's development dimension.

10. The Committee had a unique opportunity to send a strong signal to the international community that it should work towards an early resumption of the negotiations. Although it would be possible to re-launch the Round and obtain the desired outcome, that outcome should have at least three goals. First, it was important to secure substantially increased market access and entry opportunities for developing countries' traditional and new exports of agricultural and non-agricultural products. Second, sufficient policy autonomy or flexibility was needed for developing countries to achieve their development objectives. Universal access to essential services must be provided, and new and dynamic sectors of world trade must be exploited. Third, if developing countries were to reap opportunities from trade, they must have the capacity to do so. They must encourage quality investment and stimulate productive infrastructure development, and investment in health, education, science and technology. A key role would be played by public-private partnerships, and the process must be accompanied by good governance, greater domestic savings and investment, and a greater role for women.

11. Since the 2005 World Summit, the concept of "aid-for-trade" had acquired impressive momentum, and should be implemented and supported. The Trade and Development Board of UNCTAD had recently affirmed the pivotal role to be played by the Conference in that process. With the recent acceleration of global trade, many countries had benefited from more investment, industrial development, employment and income growth. But the benefits were unevenly distributed and posed considerable adjustment challenges for developing countries. The magnitude of those challenges, and the ability to benefit from the opportunities, depended on each country's stage of development, geographical situation, resource endowment and national development strategy.

12. Those strategies were designed and implemented quite differently from past practice, partly because most developing countries were much more open to international trade and finance, and partly because the system of international rules and obligations had expanded considerably. As a result, the autonomy of

individual Governments to shape their own development policies had somewhat narrowed. However, that did not imply that openness or international rules were, by themselves, inimical to development. On the contrary, ever-increasing global interdependence provided a strong rationale for a well-structured system of global economic governance that could be beneficial to all countries.

13. The multilateral trade regime supervised by WTO contributed to certainty and predictability in international trade, and trade was an important component of development. However, unlike the trading system, the international monetary and financial arrangements were not organized around a multilateral rule-based system that applied a specific set of core principles to all countries. The non-regulation of the financial system posed a huge challenge for many developing countries, but the global governance of international monetary and financial relations also needed to be improved, in order to avoid global imbalances and distortions in international trade relations that could be even more damaging than trade restrictions to the allocation of global resources.

14. The current buoyancy in commodity prices was largely dependent on increased demand from dynamic developing countries — particularly China — and was unlikely to continue. However, many developing countries that imported large quantities of food and fuel were facing difficulties. It was therefore imperative to implement international policies to reduce market distortions. Another emerging feature on the trade and development landscape was the rise in migration. The financial gains from liberalizing the movement of labour would be far greater than those from development aid, but innovative ways would have to be found to reverse the brain drain and foster "brain gain" and skills development in home countries.

15. Access to affordable energy resources would be crucial for developing countries' agricultural and industrial growth and for the provision of universal access to essential services such as electricity and water. The future management of oil markets would be a major concern to trade and development policymakers everywhere, and it would be equally important to make alternative energy resources commercially viable. For oil-exporting countries, on the other hand, the rising costs of conventional energy sources created opportunities to generate earnings and invest their windfall revenues into diversification and the development of productive capacities for sustainable growth.

16. Despite the unfortunate suspension of the Doha Round, trade and development remained at the forefront of the international development agenda. It was important to ensure that the opportunities offered by multilateral trade liberalization were realized by the developing countries that lacked the capacity to exploit them. That was where UNCTAD played a critical role both by helping countries in the negotiating process and by developing the capacity needed to trade.

17. **Mr. Ould Mohamed Lemine** (President of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Trade and Development Board on its thirty-eighth executive session (A/61/15 (Parts I-IV)), said that in addition to its regular and executive sessions the Board had held the 2006 Mid-term Review of UNCTAD XI and the São Paolo Consensus of 2004.

18. The issues of globalization and coherence between national development strategies and international processes had featured prominently in the policy dialogue of the Mid-term Review of the implementation of the São Paolo outcomes. The 2006 UNCTAD *Trade and Development Report* underpinned the substantive consideration of those issues, and also covered the question of global partnership and national policies for development.

19. Developing countries had felt that the situation with respect to globalization had become far more serious since the São Paolo consensus. In their view, the international monetary, financial and trading systems continued to be skewed against developing countries, presenting a danger not only to equitable and sustainable development, but also to global peace and security. Development-oriented coherence between the international monetary and trading systems should be sought as a component of a sustainable world economy. There should be flexibility to reflect the needs of developing countries, and the research conducted by UNCTAD should do more to develop practical solutions. Several developed countries had stressed that the current global economic problems could be addressed through private-sector-led growth. In their opinion, the recent trend in economic growth experienced by developing countries had been largely

due to reforms and sound economic policies undertaken in the 1990s.

20. The assessment of globalization for development had been the focus of the Board's interactive debate during the Mid-term Review. In the opinion of some delegations, globalization had not been an "active" process, and many countries, particularly the least developed countries, had been excluded. Despite liberalization across countries, trade barriers against exports from developing countries remained. Free trade and market liberalization alone would not lead to the successful achievement of the Millennium Development Goals, particularly poverty reduction. Other delegations had cautioned that emphasizing only the negative aspects of globalization was unhelpful. Globalization could generate opportunities, and the private sector often played an important role in ensuring that developing countries enjoyed its benefits.

21. There had been broad agreement among delegations on the need for greater coherence between national development strategies and international processes. Although there was no "one-size-fits-all" policy for development, the creation of a regulatory environment was considered of paramount importance. Delegations had emphasized the importance of a global partnership between the different stakeholders, including civil society. While developing countries were responsible for their own development, it was crucial to foster an enabling international environment. International processes should support and complement national development objectives. There was an urgent need to address the issue of development-oriented coherence within all structures of economic governance.

22. The Board had engaged in a lengthy discussion on the Review of Progress in the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, and had adopted agreed conclusions. There had been consensus on the importance of full and speedy implementation, by all stakeholders, of the Millennium Declaration, as well as the actions and commitments provided for in the Brussels Programme of Action for achieving poverty-reduction goals in least developed countries. However, it had been noted that the progress made thus far had been mixed. The concern had also been expressed that most least developed countries would not achieve the goal of halving extreme poverty by 2015.

23. The least developed countries should continue to integrate the Brussels Programme of Action into their national strategies and policies, but a well-managed engagement by development partners was equally critical to the success of those countries' development efforts. Improving the quality of development aid and aid effectiveness remained a challenge, and a major improvement in the approach to aid policies was highly desirable, if the least developed countries were to achieve greater effectiveness in their public expenditure. There was a need for a "paradigm shift" in the development policies of the least developed countries. At the national level, the development of productive capacities should be placed at the centre of poverty-reduction strategies. At the international level, there was a need not only for more aid, but also for a rebalancing of the composition and allocation of aid by sector. Those measures should be complemented by further comprehensive debt relief measures, improved market access for all products of export interest to the least developed countries, and special and differential treatment in the multilateral trading system.

24. The current year's discussions on Africa had been based on the UNCTAD secretariat's 2006 report on Economic Development in Africa entitled "Doubling Aid: Making the 'Big Push' Work". The report had discussed how the commitment by the international community to double the amount of aid to Africa could help to jump start African economies and ensure sustained growth. It underscored that major reforms in institutions and current practice were essential if a "big push" for African development was to succeed, since there was an increasing tendency to concentrate aid in social sectors at the expense of productive sectors, infrastructure and agriculture. The report also questioned the logic of channelling most aid through technical cooperation and project support, as those forms of aid distribution were expensive and often resulted in the purchase of goods and services provided by the donors themselves.

25. Aid should have a much larger multilateral component, and be administered preferably by a special fund established under the United Nations. Lessons could be learned from successful aid experiences such as the Marshall Plan and earlier aid flows to countries that were currently considered Asian tigers. Aid delivery would then be less costly and more coordinated, and largely channelled through budget support on the basis of recipients' plans and priorities.

It would be an integral part of the resource envelope used to execute well-defined and country-owned medium-term to long-term development strategies, and would significantly reduce conditionalities imposed on recipient Governments. Many delegations, including the African Group, had supported the report's findings and recommendations. Others, such as the European Union, had found it useful as it raised — in frank terms — fundamental questions regarding the quality of aid and the ways in which it was distributed.

26. While the Trade and Development Board had been unable to arrive at a consensus on the recommendations in the report, it had agreed that it raised fundamental questions relating to the need for increased ownership of aid programmes; good governance at all levels; the share and volume of multilateral aid; multilateral structures and modalities for effective aid delivery; and learning from positive aid experiences. It invited all Governments to give due consideration to the issues raised with a view to further enhancing the impact and effectiveness of aid. The Board had further encouraged UNCTAD to continue to undertake critical in-depth analysis and provide policy advice on African development with the objective of attaining the Millennium Development Goals and implementing the New Partnership for Africa's Development (NEPAD).

27. The Trade and Development Board had also conducted an in-depth review of developments and issues in the Doha negotiations, with the participation of the Secretary-General of UNCTAD and the Director-General of the World Trade Organization (WTO). With a narrow window of opportunity, between November 2006 and March 2007, remaining to relaunch the Doha Round if it was to be concluded in 2007, there had been consensus that that opportunity should not be missed. All countries had a responsibility to demonstrate political will and flexibility commensurate with their capacity to contribute, but a leadership role needed to be assumed by the major trading partners.

28. Many participants had highlighted the centrality of agriculture in the negotiations, stressing the need to achieve a balance between agriculture and non-agriculture market access (NAMA). Many had emphasized the important role of UNCTAD in strengthening South-South trade cooperation, including through the third round of negotiations on the Global System of Trade Preferences Among Developing Countries (GSTP), and in supporting countries in the process of accession to WTO membership.

29. The deliberations on the report on UNCTAD's assistance to the Palestinian people (TD/B/53/2) were reflected in the Board's report. The current year's discussions had focused on the extreme economic decline affecting the occupied Palestinian territory in 2006 and the immediate prospects of further collapse if current constraints were not removed. Many delegations had stressed the need for urgent policy action to link relief to development in the context of preparations for statehood. There was widespread agreement that the UNCTAD programme of technical cooperation had delivered significant concrete results on the ground and had been conducted professionally and in a manner that amplified development gains for the Palestinian people despite the continuing humanitarian crisis. All had welcomed the continued efforts by the secretariat to ensure implementation of the Bangkok and São Paulo mandates in that area, including by mobilizing adequate resources for UNCTAD technical assistance to the Palestinian people.

30. **Ms. Houngbedji** (Benin) said that, whatever the state of the Doha negotiations, the developed countries should fulfil the commitments they had made at the Hong Kong Ministerial Meeting. The issues relating to the least developed countries, whose situation was truly precarious, should not be separated from the rest of the issues under negotiation.

31. She also asked whether the new Aid for Trade Initiative would replace the Integrated Framework for Trade-Related Technical Assistance or coexist harmoniously with it.

32. **Mr. Panitchpakdi** (Secretary-General, United Nations Conference on Trade and Development) said that he shared the concern of the least developed countries at the suspension of the Doha Round and specifically its effects on the treatment of cotton, which was important for Africa and in particular for Benin. Unfortunately, the consensus of the WTO negotiations had been that the issue of cotton could be taken up only as part of the agriculture negotiations, and it was therefore on hold indefinitely owing to the indefinite suspension of negotiations. However, the issue was also to be monitored and supported by various development institutions including the World Bank, UNCTAD and some major donor countries. That support to the cotton-growing countries should continue at the same pace as agreed some years ago.

33. Member countries were working to improve and strengthen the enhanced Integrated Framework. The enhancement would involve upgrading financial support to countries that had finished their diagnostic study of trade integration, to enable them to move ahead with some of the projects resulting from the diagnosis. The current financial allocation of US$ 1 million per country was insufficient for that purpose and it was to be hoped that the enhanced Integrated Framework would obtain adequate financial support to enable mainstreaming of trade policies into the Poverty Reduction Strategy Paper (PRSP) process.

34. With regard to the Aid for Trade Initiative, the Hong Kong Ministerial Meeting had called on the Director-General of WTO to set up a task force to examine the issues. Apparently, the findings of the task force had been presented to the Director-General, who would submit the recommendations to the General Council. The key issue was how to operationalize the Initiative. In the view of UNCTAD, it was not appropriate to wait for the trade negotiations to be completed and the Initiative should be launched as quickly as possible. The funding provided under the Initiative should take the form of grants rather than loans which would place an extra burden on the recipient countries. UNCTAD was anxious to play a pivotal role in the Initiative.

35. **Mr. Le Roux** (South Africa), speaking on behalf of the Group of 77 and China, reported that, at their thirtieth Annual Meeting on 22 September 2006, the Foreign Ministers of the Group had expressed serious concern over the suspension of the WTO negotiations, which jeopardized fulfilment of the development promises of the Doha Round. They had called on the developed countries to demonstrate the flexibility and political will necessary for breaking the current impasse in the negotiations. Recognizing the mandates contained in the Doha Declaration, the WTO General Council decision of 1 August 2004 and the Hong Kong Ministerial Declaration, they had called for a prompt resumption of the negotiations to place the needs and interests of developing countries, in particular the least developed ones, at the heart of the Doha Work Programme.

36. The Group of 77 and China noted with concern that the suspension of the trade negotiations might result in further protectionism. Without a rule-based multilateral trading system, trade-distorting policies would persist, threatening the credibility of the trading system and jeopardizing developing countries' prospects for generating additional income from agricultural exports. The Group further noted with concern that developing country exporters were increasingly facing non-tariff barriers, especially trade-distorting technical barriers and standards that were often stricter than what had been internationally agreed, limiting the effective entry of developing countries' products into key markets with the problems being exacerbated by the difficulty of quantifying and categorizing such non-tariff barriers.

37. While international trade could be a powerful engine of growth, development and poverty eradication, several problems existed in various aspects of the Uruguay Round Agreements. For example, the Agriculture Agreement reflected the double standards of developed countries, which called for developing countries to open up their markets, while maintaining huge subsidies and high tariffs that depressed global prices and incomes of farmers in developing countries, undermining their development potential. For industrial products, the developed countries retained high tariffs in areas in which most developing countries had a comparative advantage. Furthermore, efforts of developing countries to add value to their agricultural products and to industrialize were discouraged by higher tariffs on manufactured goods. Ten years after the Uruguay Round, the developing countries were still waiting for truly equitable, free and fair international trade.

38. Many developing countries, least developed countries and small vulnerable economies remained marginalized from international trade in terms of both goods and services. Their participation remained vulnerable owing to various factors, including structural problems in building competitive supply capabilities and diversifying production towards dynamic sectors. In that regard, WTO was expected to play a facilitating role by establishing fair and balanced rules in a transparent, predictable and non-discriminatory manner.

39. The Group of 77 and China once again stressed the importance of facilitating the accession of all developing countries, in particular the least developed countries, that applied for WTO membership, consistent with the organization's criteria and taking into account their development level.

40. **Mr. Ishar Jenie** (Indonesia), speaking on behalf of the member countries of the Association of Southeast Asian Nations (ASEAN), expressed the Association's

appreciation for the Secretary-General's report on International trade and development in document A/61/272, which gave a comprehensive update of developments in international trade over the past year and served as a good basis for the deliberations of the Committee.

41. The ASEAN Ministers of the Economy had expressed their deep concern and disappointment at the suspension of the Doha Development Agenda negotiations in July 2006, which had systemic implications for the multilateral trading system and for the liberalization of trade in goods and services. As a group of developing and least developed countries with open economies, ASEAN attached great importance to the Doha negotiations, which were critical to economic growth and development. A successful round would benefit developing and least developed countries by ensuring market access through reductions in tariffs, in trade-distorting domestic subsidies and in other non-trade barriers. ASEAN urged WTO members to resolve their differences on those issues expeditiously, showing willingness to make the necessary adjustments in their positions to enable the objectives of the negotiations to be achieved. ASEAN attached particular importance to the development dimension of the negotiations, including strengthening the provisions on special and differential treatment embodied in the Doha Declaration and the Hong Kong Ministerial Declaration.

42. Trade was an important engine of economic growth, development and poverty eradication, and an important vehicle for fulfilment of the Millennium Development Goals. In that regard, South-South trade played a major role. Indeed, trade had been a major contributor to ASEAN's economic well-being, with its exports having increased by 13.5 per cent from US$ 569.4 billion in 2004 to US$ 646 billion in 2005. That upward trend had continued in the first quarter of 2006, with a 17.7 per cent growth compared to the same period in 2005.

43. At the twelfth ASEAN Summit in December 2006, ASEAN leaders would meet in the Philippines to discuss efforts to create an ASEAN Economic Community (AEC). Meanwhile, member countries were working expeditiously towards the full realization of the ASEAN Free Trade Area (AFTA). In support of those initiatives, steps were being taken to bring about a free flow of goods between ASEAN countries. Building on major accomplishments in such areas as customs cooperation and transportation, ASEAN senior officials were currently developing a comprehensive trade facilitation work programme.

44. The Association was also committed to liberalizing and integrating the service sector, and progressively eliminating all forms of restrictions and market access limitations by 2015. ASEAN countries were in the process of finalizing the fifth package of commitments under the ASEAN Framework Agreement on Services, which was expected to be endorsed and signed at the Summit in December.

45. Within ASEAN, the low-income, least developed and landlocked members, and also the middle-income developing country members, continued to face challenges in their efforts to integrate fully into the global economy. Allowances should be made in the form of special and differential treatment, and technical assistance and capacity-building should be enhanced to help such countries reap the benefits of international trade. It would also be useful to establish immediate duty-free and quota-free market access for all exports from least developed countries to developed country markets, as well as to markets of those developing countries in position to offer such access.

46. The Association attached great importance to an open, non-discriminatory and inclusive multilateral trading system. It thus fully supported the accession of Viet Nam and Laos to WTO, underlining the importance of ensuring fair and equitable terms of accession, commensurate with countries' trade, financial and development needs.

47. Finally, ASEAN appreciated and continued to support the constructive role that the United Nations played in the development of a fair, transparent and equitable multilateral trading system. While the actual trade liberalization commitments were negotiated in WTO, the United Nations and its specialized agencies played an equally important role in technical assistance, capacity-building and above all in mainstreaming development into its work.

48. **Mr. Ananiev** (Russian Federation) said that a successful conclusion to the WTO Doha Round could have stimulated economic growth and lowered poverty rates, whereas its suspension sent a negative message about the future of the world economy and could lead to a renewal of protectionism. It would also affect efforts to make international trade fairer. Careful thought should be given to the principles on which trade talks should be based.

49. The question of restarting the Doha Round had been extensively discussed at the summit of the Group of Eight (G-8), held in St. Petersburg in July 2006. The G-8 members had made a statement about their commitment to a multilateral trade system and the political will of the WTO member States to carry the process forward. They had also reaffirmed their commitment to strengthening their collective efforts to combat piracy and counterfeiting. They had welcomed the progress in the WTO accession negotiations of the Russian Federation and supported its expeditious accession to WTO. In that connection, he said that, although accession to WTO remained one of his Government's main priorities, the requirements imposed should be realistic. His country's accession should not be used to try out ideas and concepts that were still under discussion within WTO itself. At the same time, the process would be an important aspect of the Russian Federation's internal economic and legal reforms.

50. The Russian Federation supported the aims of the Doha Round, particularly with regard to the lifting of agricultural subsidies, since it was among the countries that suffered the effects of its partners' export subsidies. Removal of such subsidies would greatly increase the competitiveness of Russian farmers. His delegation also supported the liberalization of services, so long as it took place simultaneously in all WTO member countries and the market for services opened simultaneously in every country. It was opposed to unilateral concessions, when its trading partners declined to meet it halfway. The Russian Federation was working actively towards the liberalization of international trade by lowering import duties and granting preferential terms of trade to imports from many developing countries, especially the least developed countries. On the latter, import limits and other special protection measures were not imposed.

51. UNCTAD was one of the leading forums for dealing with current and future problems arising out of the liberalization of world trade and services. UNCTAD should continue to cooperate with developing countries and countries with economies in transition to help them improve their infrastructure for trade development and integrate fully into the multilateral trade system, ultimately as members of WTO. His delegation did not, however, agree with the stated intention of some countries to make UNCTAD concentrate exclusively on such activities and to transform it into an agency for helping developing countries. The mandate of UNCTAD should remain unchanged as the main United Nations forum for the consideration of the problems of trade and development and the associated questions of investment, finance and technology transfer.

52. **Mr. Akram** (Pakistan) said that his delegation endorsed the main conclusions in document A/61/272.

53. It was encouraging that, despite the fact that efforts to create an open and equitable multilateral trading system had always been weighted against the developing countries, so many developing countries had succeeded in utilizing trade to propel growth and development. Policy space must continue to be available to those countries to enable them to acquire national capacity for production and trade.

54. The onus for striking the "grand bargain" required to move the Doha Round forward should not be placed on developing countries, and the main responsibility rested with the "key players". The development goals of the Doha negotiations should not be sacrificed for the sake of realizing an early but empty conclusion.

55. Significant and equitable liberalization in agriculture was the key to the successful conclusion of the Doha Round, and renewed negotiations should build on the progress made at the Sixth WTO Ministerial Conference. The commitment to eliminate all forms of export subsidies by 2013, although significant, was not sufficient. Parallelism must be achieved by eliminating programmes for export credits, export credit guarantees and insurance extending beyond 180 days, and ensuring front-loading of commitments, with 50-per cent elimination in the first year of the implementation period. Early action on eliminating cotton subsidies was essential.

56. As to domestic support, there was a need for a substantial overall reduction of total aggregate measurement of support, capping of product-specific support, further reduction of *de minimis* support in developed countries and action to ensure that blue box criteria were less trade distorting. Green box criteria should be reviewed and clarified periodically.

57. With regard to market access for agricultural products, a substantial overall reduction in tariffs was needed urgently. Consideration should be given to capping tariffs at 100 percent for developed countries and 150 percent for developing countries. In order for developing countries to retain much-needed flexibilities,

they also should be able to self-designate special products and benefit from a special safeguard mechanism.

58. His delegation supported a simple "Swiss" tariff-cutting formula with two coefficients based on objective criteria: coefficient 6 for developed countries and coefficient 30 for developing countries. It welcomed the agreement in principle that developing countries should be able to keep tariffs for their sensitive sectors unbound or outside the ambit of formula cuts.

59. His delegation hoped that the plurilateral approach adopted to advance progress in the services sector would produce the desired results, particularly commitments to liberalize labour services.

60. Although encouraging progress had been made with respect to trade facilitation, the negotiations should also address the new difficulties that had arisen owing to security concerns. Developing countries should be given technical and financial assistance to address those concerns, which should not be applied in a discriminatory manner. Furthermore, it was essential to address boldly and sincerely the various non-tariff barriers, market access barriers and residual bias in tariff structures, since they reduced the credibility of multilateral trade rules and the incentives for countries to enter into reciprocal trade liberalization agreements.

61. His delegation endorsed the objective of special and differential treatment for the developing countries, especially low-income and least developed countries. It hoped that the implementation of the recommendations of the task force on Aid for Trade would generate the additional resources required to assist weaker economies with capacity-building, and agreed that UNCTAD should play a meaningful role in that regard. The Aid for Trade Initiative should be implemented in conjunction with greater market access for the exports of developing countries, and capacity-building should be promoted as an objective of socio-economic development, not merely in the context of expanded exports and trade. To that end, the United Nations Development Programme (UNDP) and the Bretton Woods institutions should create a special funding window to help low-income countries build the capacity for expanded production, trade and development.

62. Sustained economic growth and trade could be promoted significantly by regional economic integration, which was a strategic objective of his country. However, the proliferation of regional trade agreements and free trade agreements could distort international trade and create a plethora of trade rules that proved discriminatory and difficult to administer and implement.

63. The regime governing trade-related investment measures must be kept under review to ensure that it contributed to, and did not erode, the industrialization objectives of lower-income and emerging economies. In addition, WTO, the World Intellectual Property Organization and UNCTAD should conduct a comprehensive review of the regime governing the trade-related aspects of intellectual property to ensure that it was facilitating, not hindering, development.

64. UNCTAD must continue its tradition of producing high-quality analysis, forecasts and recommendations to advance the goals of fair and open trade in the service of development. It should also play an active role in monitoring the achievement of the Millennium Development Goals and the internationally agreed development goals; offer proposals to ensure the advancement of development objectives in trade negotiations in WTO and elsewhere; identify new challenges and opportunities; encourage private and public sector actors to implement agreed measures to stabilize commodity prices; promote FDI through the development of market and State mechanisms; and provide lower-income countries with advice and assistance on capacity-building for production and trade. Adequate allocations in the United Nations budget and generous voluntary contributions should be provided to support the work of UNCTAD.

65. *Mr. Barry (Senegal), Vice-Chairperson, took the Chair.*

66. **Ms. Midaoui** (Morocco) said that, in order for international trade to promote growth and contribute to the achievement of the Millennium Development Goals, flexible rules and structures were needed to ensure the equitable distribution of the benefits of trade within and among countries. Although the Doha Round sought to place international trade at the service of poverty reduction and sustainable development, the rules governing the international trading system were not flexible enough to enable poor countries to attain that objective.

67. Non-tariff barriers to market access placed increasingly onerous burdens on exporting countries, particularly the poorest among them, undermining their production capacity and export competitiveness. The international community should prevent abuses while preserving the right of countries to establish and

implement regulations on product safety and quality. The developing countries should also be given a greater role in defining the rules governing international trade.

68. Special and differential treatment provisions linked to development criteria rather than to arbitrary time frames should be operationalized for the benefit of developing countries, and should be binding on all WTO members.

69. As a net food importer, Morocco was disappointed that the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Countries had not yet been implemented, given that food aid had decreased substantially and food prices were rising. Food security was a complex issue affecting trade and other aspects of development.

70. Her delegation welcomed the decision adopted by WTO in December 2005 concerning TRIPs and public health, which could eventually enable developing countries to manufacture generic medicines or import them from another developing country with the requisite production capacity.

71. A strategy was urgently needed to move the Doha Round forward and enable the poorest countries to benefit from international trade. Her delegation reaffirmed the commitments made at the Fourth Ministerial Conference of WTO on the need to place the needs of the developing countries at the heart of the Doha Round. It was also essential to fulfil the mandates established by the Doha Ministerial Declaration, the "July package" of 2004 and the Hong Kong Ministerial Declaration with respect to the multilateral trade negotiations. Efforts to improve the functioning of commodity markets were also required. A transparent and inclusive negotiation process, coupled with the requisite political will, were essential in order to restore confidence and achieve a positive outcome to the Doha Round.

72. **Mr. Nguyen Tat Thanh** (Viet Nam) said that it was unfortunate that unilateralism, bilateralism and regionalism appeared to be prevailing over multilateralism in trade matters. His Government would continue to focus on multilateralism, as embodied by WTO. He expressed his delegation's appreciation for the invaluable support that had been provided to facilitate his country's accession to membership in WTO, which was expected to occur soon, and its hope that such assistance would continue and increase in the future.

73. The United Nations, and UNCTAD in particular, should play a greater role with respect to global trade issues. Impartial studies by UNCTAD on the economic costs and benefits of, for example, anti-dumping and countervailing duties and other non-trade barriers, would be helpful to policymakers, particularly those of the world's major trading partners. UNCTAD should also assess the impact of the world's numerous free trade areas on both the countries concerned and those outside the areas in question. His country looked forward to joining new partnership and integration arrangements both within and outside the Asia-Pacific region. However, free trade arrangements should be viewed as supplementary channels only and should not interfere with a sound multilateral trading system.

74. His delegation called for an early resumption of the Doha Round and for an ambitious outcome based on commitments to a comprehensive and balanced package for agricultural and industrial products as well as services.

75. **Mr. Sen** (India) said that the imbalances in the international trading system remained entrenched. The developed countries had not introduced any significant reductions in agricultural subsidies, while market access for products of export interest to developing countries remained impeded by tariff peaks, escalations, specific duties, and non-tariff barriers, thereby discouraging industrialization in the developing countries. An appropriate balance between national policy space and international disciplines and commitments was required. State sovereignty was an important factor in defending livelihoods, and disciplines that eroded the autonomy inherent in policy space must be reformed.

76. While early resumption of the Doha Round was desirable, adherence to the mandates of the Doha Ministerial Declaration, the July Framework Agreement and the Hong Kong Ministerial Declaration was imperative. Food security and rural livelihoods were of immense economic relevance and had a sociopolitical dimension in developing countries. Those countries therefore must be able to designate special products and enjoy the protection of a special safeguard mechanism. He also underscored the

importance of the overarching principle of special and differential treatment for developing countries.

77. Non-agricultural market access liberalization could lead to shifts in output and employment in key sectors in those countries, resulting in job and revenue losses. The mandate of tariff flexibilities for the developing countries contained in paragraph 8 of the July Framework Agreement was therefore inviolable.

78. The greatest welfare gains from liberalizing the temporary movement of natural persons would be effective and commercially meaningful access in mode 4 for developing countries' service suppliers, which would contribute to the achievement of the Millennium Development Goals.

79. As to the trade-related aspects of intellectual property rights, agreement was needed on disciplines on the disclosure of the source and country of origin of biological resources and traditional knowledge.

80. The developed countries should honour their commitment to lower preferential rates to zero and, in particular, enhance the utilization of schemes under the Generalized System of Preferences by rationalizing rules of origin. Although India was itself a developing country, it would soon finalize a bilateral package providing preferential market access for least developed countries to the Indian market. His delegation welcomed the Aid for Trade Initiative and agreed with the Secretary-General that it must be additional to current development assistance and be secure, predictable and non-debt creating.

81. The United Nations had a central role to play in meeting the development challenges facing the international community. His country was participating actively and constructively in negotiations on the Doha Work Programme and hoped that the developed countries would address fully the concerns of the developing countries.

82. **Mr. Llanio González** (Cuba) said that an unequal and unjust multilateral trade system had prevented the developing countries from reaping the potential benefits of trade. Although trade volumes and market access had improved in the case of certain developing countries, trade volumes for the least developed countries had actually decreased.

83. The indiscriminate liberalization of the developing countries' markets combined with the neoliberal globalization process imposed by the developed countries had had devastating consequences for the national development strategies of the developing countries and had increased the gap between the rich and the poor. Furthermore, the development dimension of international trade could not be achieved through trade liberalization alone; it was also essential that countries should receive special and differential treatment in accordance with their development level.

84. Bad practices that continued to hinder freedom of trade and investment included protectionism, domestic subsidies and agricultural tariffs, subsidies to farmers, coercive economic measures, unilateral sanctions and extraterritorial laws and regulations. A case in point was the brutal blockade imposed against Cuba by the United States for more than 40 years.

85. The suspension of the Doha Round demonstrated the need to reform the multilateral system and WTO in favour of a more equitable, inclusive and transparent system. Cuba was in favour of resuming negotiations to fulfil the Doha mandates on special and differential treatment for developing countries, the needs of small and vulnerable economies, food security, rural development and so forth. However, the negotiations could be carried out only on the basis of the Doha Development Agenda, Annex A of the "July package" and the Hong Kong Ministerial Declaration.

86. As the central coordinator of trade, finance, technology and sustainable development, UNCTAD should continue to receive funding to enable it to fulfil its mandate and the new requirements and priorities established in the São Paolo Consensus.

87. **Mr. Ali** (Bangladesh) said that much of the recent growth in world trade was due to oil exports. Although the volume of non-oil exports had increased considerably, the value of those exports had not. Furthermore, it was not clear how long the least developed countries would be able to continue reducing prices to stay in the market.

88. The current multilateral trade rules had been designed to help the major traders. Existing provisions to assist developing countries were generally unusable and the Uruguay Round Agreement on Agriculture was viewed by many as a special and differential provision for developed countries to support their own agricultural industry.

89. It was essential that the Doha Round negotiations should be resumed as soon as possible and that the least developed countries should be granted duty-free and quota-free market access. The enhanced Integrated Framework and Aid for Trade Initiative were also needed to help least developed countries overcome supply-side constraints. At the domestic level, the basic challenge was to develop entrepreneurs who would create capacity and find markets for their products. Once entrepreneurs began to invest at home, their own countries would be in a position to benefit from the process of globalization.

90. *Mr. Intelmann resumed the Chair.*

91. **Mr. Miller** (United States of America) said that it was indisputable that trade liberalization and openness to trade increased economic growth in the country that was liberalizing. However, what was less understood was that the developing countries could achieve export growth and poverty reduction on their own simply by lowering tariffs and eliminating non-tariff barriers to imports.

92. Tariffs raised domestic prices above world market levels and created incentives for domestic producers to sell their products locally rather than on the world market. They also allowed producers to be less efficient and therefore less competitive. Protection reduced the demand for foreign currency and drove up exchange rates, creating a further disincentive for exports. Those effects harmed everyone in an economy and the poor in particular.

93. The United Nations should support trade liberalization by the Governments of developing countries. UNCTAD could advise those countries with respect to adjustment costs, which were typically short-term and could be mitigated by social safety nets or other programmes. For many developing countries, special and differential treatment amounted to little more than a continuation of economic relationships rooted in the colonial past. It was important to focus on policies that really worked, such as liberalization, and to help the developing countries reap the benefits of sound economic programmes in a globalizing world.

94. **Mr. Liu** Zhenmin (China) said that the gap between the North and the South continued to widen, despite recent progress in globalization and global economic recovery. Rising protectionism and increasing imbalances in world economic development continued to pose a formidable challenge to the development of poorer countries.

95. The Chinese Government had always supported the establishment of an equitable and non-discriminatory multilateral trading system and was gravely concerned at the deadlock in the Doha Round negotiations. It called for an early resumption of talks and hoped that the developed countries would be more flexible with respect to reducing trade-distorting domestic support to agriculture and lowering tariffs. WTO played an indispensable role in improving the stability of the world trade environment and China would continue to take a constructive part in its work. Finally, the Chinese Government expected UNCTAD to develop more relevant policy recommendations that took into account the new issues facing the developing countries.

96. At the national level, his Government was in the process of implementing an eleven-year plan to open sectors such as tourism, telecommunications, transport, accounting and legal services and banking. Following its accession to WTO, it had reduced tariffs and had removed non-tariff measures across the board. The Government remained committed to the path of peaceful development and to a policy of trade cooperation for mutual benefit.

97. **Mr. Barry** (Senegal) said that the suspension of the Doha Round negotiations had demonstrated the inability of nations to establish solid trade rules that gave priority to the development of poor countries. The current deadlock was jeopardizing the achievement of equitable liberalization and higher trade volumes for developing countries and increased the risk of protectionism and deindustrialization as a result of export constraints and increased competition from the products of developed countries. Senegal was all the more concerned that the main stumbling block concerned agriculture, since the latter was central to its economy. It was essential that negotiations should be resumed and the Doha Work Programme relaunched.

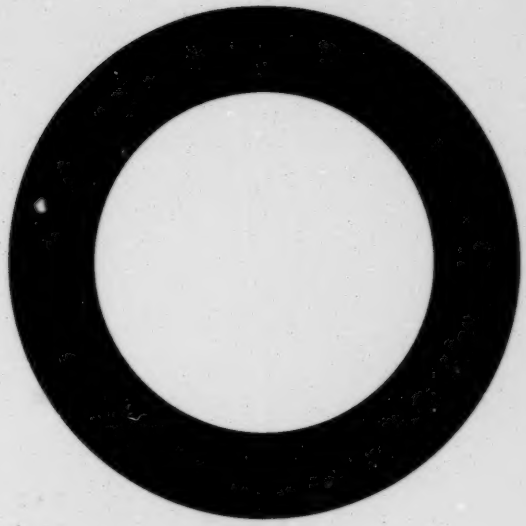
98. Senegal agreed with the Secretary-General that trade liberalization alone could not foster development and that developing countries needed accompanying measures. Such measures could be applied by strengthening the productive capacities of the least developed countries through the enhanced Integrated Framework and the Aid for Trade Initiative. Senegal was therefore pleased that WTO was implementing the

enhanced Integrated Framework with the support of the World Bank and other international organizations. The Aid for Trade Initiative should aim to help developing countries build the supply-side capacity and trade-related infrastructure needed to implement and benefit from WTO Agreements and expand their trade.

99. **Mr. Baird** (Australia), speaking on behalf of the Cairns Group of countries, said that the Group was deeply disappointed at the suspension of the Doha Round negotiations. Talks should be resumed no later than November 2006 as the gains secured to date could be lost and the costs of continued delay would be borne by farmers and rural communities. The failure to conclude an agreement on agriculture modalities was the result of significant gaps in positions on both domestic support and market access. Genuine policy reforms in both pillars were needed to deliver real change in global agricultural markets. The European Union, the United States, the Group of Ten and others needed to improve their offers on market access and domestic support to establish the basis for the early resumption of negotiations. Substantial efforts would be required with regard to market access in particular. The Cairns Group was resolved to establish convergence on special products and the special safeguard mechanism in order to provide greater definition to those instruments, in accordance with the mandates and the Group's objectives.

100. Finally, the Cairns Group recognized the importance of special and differential treatment for developing countries and was committed to achieving a strong outcome to the Doha Round for agriculture, in all three pillars, in order to provide the best possible conditions for sustainable development.

*The meeting rose at 1.05 p.m.*



United Nations A/C.2/61/SR.14

General Assembly
Sixty-first session

Official Records

Distr.: General
15 November 2006

Original: English

## Second Committee

**Summary record of the 14th meeting**
Held at Headquarters, New York, on Tuesday, 17 October 2006, at 3 p.m.

*Chairperson*: Ms. Intelmann ..... (Estonia)
*later*: Mr. Barry (Vice-Chairperson) ..... (Senegal)
*later*: Ms. Intelmann (Chairperson) ..... (Estonia)

## Contents

Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance (*continued*)

(b) Special economic assistance to individual countries or regions (*continued*)

Agenda item 51: Macroeconomic policy questions (*continued*)

(a) International trade and development (*continued*)

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-57466 (E)

*The meeting was called to order at 3.05 p.m.*

**Agenda item 69: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance** (*continued*)

**(b) Special economic assistance to individual countries or regions** (*continued*) (A/C.2/61/L.8*)

*Draft resolution on humanitarian assistance and reconstruction for the Philippines*

1. **Mr. Blas** (Philippines), introducing draft resolution A/C.2/61/L.8*, said that the oil spill had been declared a national disaster. He informed the Committee that Afghanistan, Cambodia, Israel, Japan, Kenya, Lao People's Democratic Republic, Lesotho, Morocco, Myanmar, Singapore and Thailand had joined the sponsors, and expressed the hope that the draft resolution would be adopted by consensus.

**Agenda item 51: Macroeconomic policy questions** (*continued*)

**(a) International trade and development** (*continued*) (A/61/15 (Parts I-IV) and A/61/272)

2. **Mr. Mchumo** (Observer for the Common Fund for Commodities) said that the current session of the General Assembly was the first occasion on which the Common Fund for Commodities was attending as an observer, and that his organization hoped to participate constructively in the discussions of the Committee. The core activity of the Common Fund was to combat poverty in commodity-dependent developing countries by ensuring greater productivity and increased income, particularly through increased export earnings.

3. Although commodity prices had begun to improve since 2003, they were still at a fraction of their level a decade earlier, and there were indications that the recovery had slowed down. Erosion in the terms of trade for developing countries was partly attributable to oil price increases, and to the low capacity of those countries to service their foreign debt. Diverging views on trade in agricultural commodities and market access — which had become a central issue within the Doha Round — had led to the suspension of the negotiations. The Common Fund firmly believed that greater market access and fair competition would lead to higher growth because of potential gains from trade, investment and the assimilation of imported technology. The breakdown in negotiations meant that hopes for an improved agricultural commodity trade would not materialize as soon as expected.

4. Nevertheless, it was gratifying to note that South-South trade in commodities was rapidly expanding. The Common Fund for Commodities was pleased to have been involved in the first African Ministerial Conference on Commodities, held in 2005, whose outcome had been the Arusha Declaration on African Commodities, and its plan of action. The Conference had represented a landmark as it provided a forum for agreement between African countries on a strategy for addressing an issue key to development and poverty reduction.

5. The Common Fund had also formulated strategic policy recommendations to combat poverty and accelerate development. They included the implementation of international resolutions on providing additional resources for agriculture and commodity development, particularly with respect to productive capacity; the conclusion of the Doha Round; tackling commodity price decline and volatility; and commodity diversification, including the establishment of an International Diversification Fund. In addition, adequate resources should be provided to operationalize the proposed International Task Force on Commodities, and the international community should support the implementation of the Arusha Declaration and plan of action.

6. Through its commodity-focused measures, the Common Fund was committed to making a firm contribution to the eradication of poverty through enhanced international trade in commodities.

7. **Mr. Nikitov** (Ukraine), speaking on behalf of the States members of the Organization for Democracy and Economic Development, namely, Georgia, Ukraine, Azerbaijan and Moldova (GUAM), said that it was important to ensure that the global trading system provided advantages to all countries. Apart from having a positive impact on the global economy in general, expanded markets would allow countries with economies in transition to benefit from trade liberalization, and to better integrate into the global economic system.

8. The States members of GUAM believed that strengthening the role of the World Trade Organization (WTO) to become a truly universal body would improve the international trading system. In that context, he stressed the importance of facilitating the accession of new WTO members. In recognition of the vital role of trade in development, GUAM States also supported the early resumption of talks within the Doha Round. Further inaction in that context would jeopardize the multilateral trading system and global prospects for growth and development.

9. As the primary coordinator of trade-related United Nations activity, the United Nations Conference on Trade and Development (UNCTAD) should reinvigorate efforts to ensure the integrated treatment of trade and development in its programmes and policies, and work in cooperation with WTO to improve coordination of the global development agenda.

10. **Mr. Daniel** (Saint Vincent and the Grenadines), speaking on behalf of the Caribbean Community (CARICOM), said that the market openness of CARICOM member States had also made them highly vulnerable to external shocks in the multilateral trading system. The constant adjustment to the changing international trading environment had posed a major challenge to small economies. Although their trading practices were in compliance with WTO rules, CARICOM countries had not reaped significant gains from freer trade, as exemplified by their negative experience in bananas and sugar. Their industries were crumbling as a result of lower commodity prices, yet CARICOM members continued to adapt and adjust, by deepening intraregional trade while enhancing trading agreements and relationships with major trading partners outside the region.

11. He reiterated the intention of CARICOM to establish a single market, and called for the cooperation of the international community in improving market access for products originating in the region. CARICOM hoped for an early resumption of WTO negotiations, and expressed particular concern regarding their implications for agricultural trade. In that connection, he reiterated the importance of ensuring that Special Products, Special Safeguard Mechanisms and preferences were elements of any negotiated outcome. Enhanced competitiveness of domestic producers, along with improved market access, constituted the appropriate policy mix for real trade-led growth and development. It was therefore vital for the international community to support the efforts of CARICOM States and other developing countries to boost their private sector supply capacity, support trade diversification, improve links between the services and commodities sectors and other parts of the economy, and support infrastructural development to boost trade.

12. **Mr. Chidumo** (Mozambique), speaking on behalf of the States members of the Southern African Development Community (SADC), said that it was disappointing that negotiations on the Doha Development Agenda had been indefinitely suspended, while the long-standing concerns of developing countries remained. The General Assembly should provide clear guidance for the resumption of trade talks, taking into account the development dimension and agriculture, which were at the centre of the negotiations.

13. From the perspective of SADC member States, the elimination of agricultural subsidies, the removal of tariff peaks and escalations on non-agricultural goods, and the need to give developing countries time to build their capacities and regulatory frameworks in trade and services, were essential to their collective efforts to achieving a fair trading system that was responsive to the needs of developing countries. In order to foster the development dimension of the current trade negotiations, SADC emphasized the importance of preserving the integrity of the Doha mandate under the single undertaking, and the need to carefully address the issues of preferential treatment and aid for trade.

14. Through the adoption of a protocol on trade, SADC highlighted the importance of increasing trade among member States, thereby underscoring its commitment to poverty eradication, and sustained economic growth and development. He was pleased to point out that trade within SADC had increased from 5 per cent, in 1980, to a current level of 25 per cent; the goal was to bring that figure to 35 per cent by 2008. While efforts to achieve development were critical, trade challenges must be addressed in a holistic manner. Market access opportunities should be complemented by a substantial increase in ODA directed at infrastructural development, and through specific incentives to private sector participation.

15. *Mr. Barry (Senegal), Vice-Chairperson, took the Chair.*

16. **Mr. Tarragô** (Brazil), speaking on behalf of the Common Market of the South (MERCOSUR), said that regional integration had become a key factor in promoting trade liberalization and expansion among countries of the South, as a complement to multilateral trade negotiations. He agreed that the suspension of WTO negotiations, in the absence of an agreement on agriculture, among others, was a serious setback for the process of placing development in the mainstream of the multilateral trading system.

17. It had been widely recognized that agriculture played a critical role in the economies of developing countries, in terms of export earnings, and employment, particularly in rural areas. The efforts of developing countries to eradicate hunger and poverty were undermined by international agricultural trade distortions, which generated excess production and restricted the efficient processing of food products.

18. The Doha Round had presented an invaluable opportunity to redress the gross imbalances created by trade-distorting domestic support, but its outcome had now been jeopardized. In previous trade rounds, much had been demanded of developing countries with regard to the liberalization of trade in manufactured goods, and earlier promises to developing countries had yet to be met. He took the opportunity to recall that agriculture had been discriminated against and excluded from the rules of free trade for over 50 years, and that it should now be fully integrated into trade rules and disciplines.

19. The States members of MERCOSUR were of the view that the conclusion of the Doha Round would be considered satisfactory only if its outcome guaranteed effective liberalization in agricultural trade along the lines of the three pillars: namely, the reduction of domestic support, improved market access and the dismantling of export subsidies, with special attention to the need for special and differential treatment of developing countries, in order to narrow the development gap and overcome existing asymmetries. In conclusion, he called on the developed countries to demonstrate flexibility and political will in removing the obstacles to the resumption of negotiations.

20. **Mr. Valenzuela** (Observer for the European Commission), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey, the stabilization and association process countries Albania, Bosnia and Herzegovina and Serbia; and, in addition, Moldova and Ukraine, said that as the Doha Round offered a real opportunity for global economic growth and development, the European Union deeply regretted the suspension of the Doha Development Agenda negotiations, which was not of its choosing or making. The situation could have been avoided if sufficient commitment and flexibility had been shown, particularly because differences had not been unbridgeable and on many areas agreements had been within sight. There had been a prospect of a balanced deal delivering real economic benefits for all Members.

21. The European Union had done its utmost to maintain the momentum, showing genuine flexibility on agricultural market access. It had been ready to raise its average farm tariff cut offer significantly, provided that others agreed to show similar flexibility in their positions. That would have been a substantial move, and by far the deepest farm tariff cuts ever offered in a multilateral negotiation. A number of other negotiators, to a greater or less extent, had also shown flexibility in areas where they had had acute concerns, such as agriculture or industrial tariffs. Potentially there had been much on offer for developing countries in the Doha Round, and thus a great deal to lose. What remained on the table were enormous increases in market access for developing country products — both agricultural and industrial — and services, including through increased South-South trade; the phasing out of export subsidies in agriculture and a substantial reduction of trade-distorting domestic subsidies in agriculture; much better trade rules, which would protect small countries from predatory or unilateral behaviour and would lock in good governance — for example, greater transparency — forcing developed and large developing countries to act fairly towards small ones; agreement on basic principles of gradual liberalization; and measures to address preference erosion and duty-free/quota-free entry for products originating from least developed countries. All that was now in question.

22. A number of issues, such as a reduction of farm subsidies, duty-free/quota-free entry for products originating from least developed countries, solutions to preference erosion and the improvement of anti-dumping rules, could be dealt with effectively in multilateral negotiations only, and not by way of free trade agreements. The offers already on the table

should be maintained, and comparable offers should be made. All Members should be ready to restart the negotiation from that basis as soon as circumstances allowed. For its part, the European Union was committed to a result that would deliver real cuts in tariffs, effective cuts in trade-distorting subsidies and real new trade flows, as part of a deal that should bring benefits to all WTO members. The European Union would further ensure that the Doha Round really brought benefits to the poorest countries, consistent with its development focus. The European Union was also in favour of an early implementation — by 2008 — of duty-free/quota-free entry for products originating in least developed countries by all developed countries and developing countries in a position to do so.

23. There was simply no alternative to the multilateral trading system and WTO: bilateral or regional free trade agreements had their merits and could complement a multilateral framework but they could not replace it, especially in terms of development.

24. Meanwhile, work on the part of the wider Doha Development Agenda that was not affected by the suspension should continue, focusing on potential benefits for developing countries such as aid for trade and the integrated framework. Increased and more effective aid for trade was needed in order to enable developing countries, particularly least developed countries, better to integrate into the multilateral, rule-based trading system and to use trade more effectively in promoting the overarching objective of poverty eradication. In that context, the European Union welcomed the report of the Secretary-General on international trade and development (A/61/272), which clearly stated what needed to be done by the international community to deliver growth, development and poverty eradication. The report rightly emphasized the enormous growth in non-agricultural exports enjoyed by some advanced and competitive developing countries, and those countries needed to make a contribution in the Doha Round that was commensurate with their capacity and their weight in world trade. Liberalization of the rapidly growing markets in competitive developing countries was of key importance, since more than 60 per cent of the duties paid by developing countries were paid to other developing countries.

25. The Doha Development Agenda remained the central priority of the European Union's trade policy, and the Union remained committed to the case for open markets, progressive trade liberalization and stronger multilateral rules as a trigger for growth and development. In that spirit, it was necessary to look ahead towards a successful outcome of the Doha Round.

26. **Ms. Behounghedji** (Benin), speaking on behalf of the Group of Least Developed Countries and referring to the Declaration of the High-level Meeting on the Midterm Comprehensive Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, said that the atmosphere at the High-level Meeting had produced a glimmer of hope for the remainder of the decade, in spite of the generally negative assessment of the first half of the decade. To enable the least developed countries to attain the objective of strengthening the role of trade in development, it was necessary to find solutions to the numerous challenges they faced, notably the fluctuating and unstable prices of agricultural products on world markets, their inability to add value to their agricultural products and the lack of diversification in their export products. With their limited production capacities, the least developed countries did not make full use of their preferential market access opportunities; their equitable participation in the world market was also impeded by the scandalous high subsidies the developed countries gave their producers.

27. A further challenge was the large number of documents and other bureaucratic obstacles which increased the cost of commercial transactions and reduced their export competitiveness. The international community should go beyond mere declarations of intent and engage in bold action. Development partners should accord the least developed countries special and differential treatment and duty-free market access.

28. The least developed countries were disappointed at the suspension of the Doha Development Agenda negotiations, and called for their immediate resumption. They expressed their gratitude to UNCTAD for its continued support in capacity-building, and to the UNCTAD Trade and Development Board, which had undertaken an objective analysis of the situation of the least developed countries and had identified measures to help them to emerge from the poverty trap.

29. *Ms. Intelmann (Estonia) resumed the Chair.*

30. **Ms. Tembo** (Zambia) expressed regret that the current round of Doha Development Agenda negotiations had collapsed without a clear indication of whether they would be resumed. Zambia had expected a number of outcomes, notably improved agriculture and non-agriculture market access through the provision of duty-free/quota-free market access for all products originating from least developed countries, accompanied by simplified and transparent rules of origin; operationalization of the modalities for the special treatment of least developed countries in services negotiations, as well as market access for semi-skilled and low-skilled categories; elimination of all export subsidies, including those which distorted the international market for cotton and other agricultural products; and enhanced and targeted technical assistance and capacity-building programmes to address trade-related bottlenecks.

31. Even before the Sixth WTO Ministerial Conference, held in Hong Kong in December 2005, developed countries had pledged to deliver on development-related areas such as duty-free and quota-free market access and aid for trade in what was termed the "development package". And yet the outcome of that conference had fallen far short of what Zambia and other least developed countries had understood to be a "development package" as it had not spelled out immediate, positive or full benefits. Furthermore, the package had not included concrete outcomes on reduction and elimination of domestic trade-distorting subsidies in agriculture, which was a key sector for most least developed countries in terms of livelihood and food security. It was therefore not surprising that the subsequent negotiation process in Geneva had failed to build on the Conference's meagre achievements. Difficulty in establishing the right balance between market access in agriculture and development needs of least developed countries and developing countries had been a major cause of the failed negotiations, and Zambia was of the view that negotiations on that issue needed to be addressed as soon as possible. Zambia was deeply concerned that the suspension was indefinite and that there was no road map for the way forward. Indefinite suspension would have a large number of negative implications for the multilateral trading system and would undermine the achievements of WTO. In that respect, least developed countries and developing countries would continue to be marginalized and would never be delivered from poverty and underdevelopment.

32. Zambia called for the early resumption of the Doha Development Agenda negotiations, and appealed to the developed countries to be flexible and to make significant trade-offs for their successful conclusion.

33. **Archbishop Migliore** (Observer for the Holy See) noted that in the past five years, during which a number of military initiatives and operations of vast proportions had been undertaken, no substantial progress had been made in the reform of political finances and international trade. It seemed that the interests of some sectors of the more developed countries had prevailed over the common good, increasing the already worrisome discrepancy that separated those countries from other regions of the developing world. Trade was a priority for the general and sustainable growth of the economies of many developing countries, which was one reason why there was little hope of achieving the Millennium Development Goals by 2015.

34. The current world situation presented inequalities which demanded urgent reflection. Support by the rich countries for their own agricultural sectors amounted to 10 times the total amount of aid to Africa, and much of that support was in the form of direct or indirect subsidies for agricultural exports, which undermined the agriculture of the poorest countries. The achievement of greater justice through fair trade continued to be a major concern of the Holy See. All parties should step up their efforts to overcome the stalemate in the Doha Round negotiations.

35. There was an urgent need for agreement; it was a moral imperative that could not be delayed. Regional agreements were hardly a replacement for a comprehensive settlement within WTO. The crisis in the Doha Round hinted at a possible slide towards fragmentation; the work begun by the 2005 World Summit must continue if the United Nations was to establish effective operating connections between the General Assembly, UNCTAD and WTO. The joint communiqué issued by country groups at a recent meeting in Rio de Janeiro represented original thinking that might spur the resumption of negotiations; the Holy See hoped that States would return to the table ready to make a fresh start. Trade negotiations could make a substantial contribution to the cause of peace and stability in the world if all States were prepared to

make the necessary sacrifices for the establishment of more just trade relations.

36. **Ms. Soe** (Myanmar) said that her country was greatly dismayed by the suspension of the Doha Development Agenda negotiations. Myanmar had had high hopes that the successful conclusion of the Doha Round would usher in a more specific, stronger and operational focus in the development dimension. The suspension had dealt a serious blow to the international community's efforts to make the multilateral trading system more equitable and development-oriented. Myanmar shared concerns that it would lead to a resurgence of bilateral and regional trade initiatives in which developing countries would find themselves at a disadvantage, and more importantly to the continued persistence of trade-distorting agricultural subsidies. Myanmar therefore joined others in calling for a speedy resumption of the negotiations.

37. Their suspension had been particularly disappointing because even if the developing countries achieved a multilateral trade regime that provided for a level playing field they could still find themselves at a disadvantage under such a regime. All the rules and commitments were more burdensome for developing countries in economic terms. The multilateral trading regime must be more attuned to the asymmetries between its members. A fully inclusive regime must have a sufficient degree of flexibility to reflect their interests and needs.

38. **Mr. Bakri** (Malaysia) said that, with the suspension of the Doha Development Agenda negotiations, hopes for the creation of a global trading system more favourable for development had been lost, possibly irretrievably. The significance of the event, if it did indeed portend the complete collapse of the Doha Round negotiations, could not be overestimated. Not only would all countries lose the economic benefits that freer and fairer trade would bring but the entire multilateral trading system would be threatened. Regional and bilateral free trade agreements, which were second-best solutions, would proliferate and, given the inherent power asymmetries, would put developing countries at a permanent disadvantage, while also strengthening the voices of protectionism throughout the world.

39. Malaysia firmly believed that it was crucial that steps be taken to restart the stalled negotiations process within the shortest possible time frame, and that those steps must be based on the principles of inclusiveness and transparency, and aimed at achieving a pro-development agreement. Given the economic clout of the developed countries, the greater burden for restarting the process fell upon them. The suspension of negotiations had been due to their unwillingness to reach agreement on issues such as agricultural market access, domestic support and non-agricultural market access. Unfortunately, their current positions did not provide an adequate basis for leading the negotiations to a successful conclusion.

40. Beyond the need to resume the stalled negotiations, the issue of the content of the Doha Round's outcome also needed to be addressed. For Malaysia, the core issue was the need to ensure the conclusion of a pro-development agreement that resulted not only in freer but also in fairer trade. In that vein, and in view of the income disparities between the developing and developed countries, Malaysia believed that it was unfair for the developed countries to ask the developing countries to make concessions that were equal to or greater than what they could themselves make.

41. The fact that those demands had been made was due in large measure to the institutionalized asymmetries that had strengthened since the establishment of WTO. It found expression in the highly selective manner in which the greater openness of markets had been pursued by the developed world, reflecting its own predilections and interests. Even more galling was that those interests often represented the vested interests within their own economies rather than a desire for the well-being of their own societies as a whole. Two examples of that double standard were the use of subsidies to support agriculture and intellectual property rights, which were sacred for the private interests of intellectual property right holders, while public interest issues came a very poor second. Furthermore, while the negotiated WTO agreements applied to all members equally in terms of legal obligations, they were much more burdensome for developing countries in economic terms.

42. A number of specific measures needed to be taken if international trade was to be made freer and fairer, and the benefits of globalization were to be more equitably shared. Due consideration needed to be given to the importance of providing adequate policy space for developing countries to pursue their development goals in a manner that took into account the

specificities of each country. The principle of special and differential treatment should be further developed in a manner that served the legitimate development needs of the developing countries. Greater emphasis should be placed on capacity-building and technical assistance in order to enable smaller countries to participate meaningfully in negotiations. Supply side constraints must be tackled by an effective aid for trade programme, channelled multilaterally and integrated into country development strategies.

43. Malaysia remained fully committed to the multilateral trading system under WTO, and considered that the benefits of trade could be equitably enjoyed only if there was a resumption of the Doha Round negotiations with a view to concluding a pro-development agreement. It was incumbent upon the developed countries to bear the greater burden of responsibility in resuming those negotiations, and Malaysia urged them to do so.

44. **Mr. Fomba** (Mali), recalling the commitments made in Monterrey, said that his delegation welcomed the progress made in developing international trade in recent years. According to the Secretary-General's report (A/61/272), world exports had grown by over 13 per cent and the exports of developing countries by 21.3 per cent in 2005. The fact that 42 per cent of developing countries' exports were destined to other developing countries, meanwhile, was very encouraging. Such positive results were due, in part, to the emergence of free trade zones with harmonized and simplified import and export rules. As part of West Africa's efforts to create vast subregional and regional markets, the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS) had both been strengthened. For its part, Mali had strengthened its institutional framework for trade and incorporated the directives of those bodies, and of the Organization for the Harmonization of Business Law in Africa (OHADA), into its legislation. Moreover, the share of its trade that was now being conducted with its neighbours had grown by about 13 per cent.

45. Despite such encouraging results, Mali, like other least developed countries, was still very poorly integrated into the global economy. As noted in the Secretary-General's report, the share of such countries in world trade was only 1.8 per cent for goods and 0.5 per cent for services. That was due, inter alia, to the massive agricultural subsidies provided by some developed countries; insufficient processing of products for export; and poor transport infrastructure. To remedy that situation, he recommended eliminating agricultural subsidies; completing the Doha Round; offering incentives to investors in the North to help finance the establishment of raw material processing units in the South; and, lastly, strengthening human resources and infrastructure in developing countries, particularly the least developed countries.

46. **Mr. Lukwiya** (Uganda) said that most developing countries now considered trade policy a central part of national poverty reduction planning. Uganda had integrated trade into its poverty reduction action plan. The Doha Development Agenda and WTO were an important part of that process. Agriculture was the main source of livelihood for over 80 per cent of Uganda's population. Uganda believed that the final battle in the war against poverty would be in the agricultural sector. It had put in place a programme for the modernization of agriculture, banking on the success of the Doha Round.

47. Unfair trade policies continued to deny the poorest countries an escape route from poverty and perpetuated harmful inequalities. According to a recent UNCTAD survey, the trade barriers faced by developing countries exporting to rich countries were on average three times higher than those faced by rich countries when they traded with each other. An estimated $24 billion was lost annually because of agricultural protectionism and subsidies. The Doha Round had been another positive effort to make trade work for development. However, despite four years of negotiations, very little of substance had been achieved. The very disappointing suspension of the Doha Round, as well as the lack of a resumption date or road map for the way forward, had left a feeling of failure and frustration among developing countries.

48. As noted in the Secretary-General's report, while agriculture and non-agricultural market access continued to pose problems, successes had been achieved in other areas. The commitment to eliminate all forms of export subsidies by 2013 was just one example. The report also stated that reducing tariffs among developing countries would further strengthen ever-expanding South-South trade; he hoped that that would come about through a multilateral agreement, not bilateral agreements. The report also noted that technical measures had doubled within the last decade; such measures were very harmful to developing countries. The report was optimistic that the Doha Round's suspension had not undermined the relevance and importance of WTO. However, his delegation believed that it had weakened multilateralism, at least temporarily, and might trigger an even more pronounced shift away from multilateralism.

49. A lengthy breakdown in negotiations would be another missed opportunity. Uganda agreed that it was the shared responsibility of all countries, and especially the key players, to demonstrate renewed political will and additional flexibility in the search for compromise solutions and welcomed the call for the Secretary-General to be involved in mobilizing support for an early resumption of the negotiations.

50. **Mr. Sadykov** (Kazakhstan) said that his delegation agreed with the Secretary-General that there was an urgent need to resume the suspended Doha Round and that it was the shared responsibility of all countries, and especially the key players, to demonstrate renewed political will and additional flexibility. Kazakhstan was in favour of a global partnership for development based on an open, rule-based, predictable and non-discriminatory trading and financial system. Developed countries must comply with their international obligations, including those relating to the Doha Round, the successful completion of which would contribute significantly to global efforts to reduce poverty and promote development.

51. The main objective of Kazakh trade policy was to establish a common economic area in the region, with Kazakhstan as a regional high-tech, export-import, investment, financial and trading centre. According to the report, some 50 per cent of world trade now took place within regional trade agreements. Kazakhstan was strongly committed to greater regional cooperation, in particular within the frameworks of such regional organizations as the Eurasian Economic Community (EURASEC), the Economic Cooperation Organization (ECO), the Shanghai Cooperation Organization (SCO) and the United Nations Special Programme for the Economies of Central Asia (SPECA). A free trade regime without exemptions and limitations had been introduced in the EURASEC territory and, at an informal EURASEC summit held earlier that year, Belarus, Kazakhstan and the Russian Federation had agreed to press ahead with the establishment of a customs union in early 2007.

52. Transport infrastructure was a key factor for successful economic development. High transport costs undermined the competitiveness of landlocked developing countries and had a tremendous trade-reducing effect. The interests of such countries must be taken into account when decisions were taken on economic development, international trade and interregional cooperation. Integration in the global trading system was crucial for their economic growth and development.

53. Trade liberalization and WTO membership were key elements of the country's development strategy. Kazakhstan was now in the final stages of WTO accession. He hoped that the terms under which Kazakhstan joined WTO would not undermine its economic development priorities. Kazakhstan required longer transition periods in a number of key areas and more flexible measures in the agricultural sector. Landlocked countries should enjoy simplified accession procedures and negotiations and terms of accession that took full account of their interests as countries with vulnerable economies.

54. **Mr. Al-Azmi** (Kuwait) expressed regret that many developing countries had still not harvested the fruits of globalization and called for a diverse and equitable system in which developing countries had access to markets and a say in the formation of global economic policy. In this regard, it hoped for the speedy resumption of the Doha Round with fair participation by developing countries.

55. His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, Emir of the State of Kuwait, had given development the highest priority. Since signing the World Trade Organization (WTO) Agreement in 1994, Kuwait had overhauled its trade laws with a view to integration into the global economy and encouraging foreign and local investment. The crowning achievement of Kuwait's ambitious plans to privatize and diversify its economy was a $150 billion "al-Harir city" project to serve as a giant regional and international hub of trade, investment and the movement of goods and technology. Kuwait was also negotiating various free trade agreements both bilaterally and through the Gulf Cooperation Council (GCC).

56. Some States had made great strides towards achieving the Millennium Development Goals, but further progress would require a joint commitment by

developed and developing countries alike. Kuwait welcomed the commitment by many developed countries to meet the agreed-upon official development assistance target of 0.7 per cent of GNP, and called on them also to reduce debts and eliminate tariffs on developing countries' products. Although a developing country itself, Kuwait had provided approximately double the agreed-upon percentage through the Kuwait Development Fund, which had distributed over $12.5 billion in assistance to 101 developing countries, over and above donations to peoples in need from Kuwaiti non-governmental sources. Indicators showed that Kuwait itself, though a small country, was on its way to implementing the Millennium Development Goals ahead of schedule. Collective action was the key to achieving comprehensive and sustainable development.

57. **Mr. Al-Kuwari** (Qatar) said that while the prospects of the global economy had improved, particularly over the preceding year, the challenges remained the same. He wished to focus particularly on the policies and measures necessary for including developing countries in global economic decision-making. Assistance from developed countries was of no use if developing countries were deprived of market access on beneficial terms and liberalization took place on a selective basis. Movement of capital needed to be accompanied by the unrestricted movement of trade and natural persons.

58. Developing countries had pinned great hopes to the Doha Round negotiations, and Qatar hoped that their suspension would not give rise to doubts about the effectiveness of WTO as the cornerstone of the multilateral trading system. The international community should summon the necessary will to resume the negotiations at the earliest opportunity, with emphasis on the elimination of protectionist tariffs, preferential market access for developing countries' goods, a greater role for developing countries in formulating environmental, health and safety standards, and the preservation of technical assistance and capacity-building programmes. Qatar praised UNCTAD for its contributions to the São Paulo Consensus and other multilateral and regional trade negotiations, and called for fewer obstacles to WTO membership.

59. **Mr. Mofadal** (Sudan) expressed grave concern at the suspension of the Doha Round which, if prolonged, would affect the stability of the entire multilateral trading system and cause a re-emergence of protectionism, with all its negative repercussions. The suspension also implied the persistence of subsidy-related distortions in international agricultural trade, which affected developing countries' efforts to increase their export earnings. Even the Director-General of WTO had recognized that developing countries would be hurt more than others. It was essential, therefore, for the Doha Round to resume as soon as possible and for developed countries to demonstrate flexibility in order to preserve the stability of the multilateral trading system.

60. A key issue affecting the Sudan's development prospects was WTO accession. The Sudan was taking serious steps to meet the WTO accession criteria. Recalling General Assembly resolution 60/184, which stressed the importance of facilitating the accession of all developing countries, in particular the least developed countries, that applied for WTO membership, he strongly appealed to WTO members to facilitate the Sudan's accession, taking into account that it was a least developed country and a country emerging from conflict.

61. Another key, and interlinked, issue was duty-free and quota-free market access for its agricultural products. Agriculture was the Sudan's most important economic sector, accounting for around 45 per cent of the GDP. It employed over 50 per cent of the labour force, supplied food and shelter for the population and provided raw materials for the manufacturing sector. Opening up developed country markets to Sudanese agricultural products would impact positively on the Government's efforts to eradicate poverty, combat unemployment, achieve the Millennium Development Goals, sustain economic growth and achieve balanced regional development. The latter was vital for sustaining peace and preventing new conflicts, since the root causes of the conflict in the south of the country and Darfur were legacies of unbalanced regional development.

62. Referring to the principle that responsibility for development lay primarily with developing countries, he said that, as a result of his Government's serious efforts to achieve development, the Sudan now enjoyed a one-digit inflation rate, a stable exchange rate and a positive economic growth rate averaging 6.6 per cent in the period 2000-2004. GDP growth — 8 per cent in 2005 — was expected to reach 13 per cent in 2006. However, the country still faced the daunting task of

large-scale reconstruction and development following the conflicts in the south of the country and Darfur, for which it required assistance and resources. The missing link in the Sudan's partnership for development was the international community's support. Another key area was trade policy and development capacity-building, as the Sudan needed not only lower tariffs and improved market access, but also enhanced supply capacity.

63. **Mr. Yun** Kang-hyeon (Republic of Korea) said that, while he was not particularly optimistic that there would be an early resumption of the Doha Round, delegations should exercise caution when describing the current situation, as prophecies could be self-fulfilling. He would prefer the term "suspension", rather than "collapse" or "breakdown".

64. The Doha Round should be resumed and brought to a successful conclusion as soon as possible. Too much was at stake. Any failure of the Round would seriously undermine the multilateral trading system. Developing countries would pay the highest price, while other players would be able to seek alternative solutions. As his delegation had stated before, the greatest benefits of development stemmed not from ODA or debt relief, but from trade. There was no point in discussing the former without first addressing the latter.

65. As to when and how negotiations could be resumed, the Director-General of WTO had recently said that the major players should make the first move. Finger-pointing or name-calling did not serve the common interest. While he acknowledged the sensitivities of the members of the "New Quad" — namely, the United States, the European Union, India and Brazil — their collective leadership was the sine qua non for a resumption of negotiations. In the light of ever-growing South-South trade, market access to developing countries should be enhanced. He also hoped for progress in the Global System of Trade Preferences (GSTP) negotiations among developing countries launched at the eleventh session of UNCTAD.

66. When negotiations did resume, agenda items should be across the board. While it was true that market access and agricultural subsidies held the key to unlocking other agenda items, in order to secure a balanced outcome for each member, rules and market access issues should be addressed together under the "single undertaking" principle, as agreed in Doha. Focusing on a limited market access package would simply result in continued delay.

67. Lastly, responding to concerns raised over the recent proliferation of free trade agreements, he said that the suspension of the Doha Round was bound to encourage WTO members to place more emphasis on bilateral trade agreements. The Republic of Korea, too, had joined that trend, as a way of proving its commitment to economic liberalization and reform. However, his delegation still believed in the primacy of a rule-based multilateral trading system. In that regard, it would associate itself with efforts to revive the suspended talks and at the same time pursue free trade agreement negotiations currently under way.

68. **Mr. Gerus** (Belarus) said that developing countries would be unable to attain the Millennium Development Goals on time at their current rates of economic and trade growth, and in that regard his delegation endorsed the view that favourable conditions for international trade were even more important for those countries than debt relief or development aid.

69. The General Assembly, in order to enhance its role and that of the United Nations as a whole in resolving the most acute global problems, must adopt a clear resolution aimed at the successful completion of the Doha Development Round. In order to ensure that the Doha Round genuinely promoted development interests, existing conditions for international trade must weigh in favour of developing countries and countries with economies in transition. The suspension of the Doha negotiations had called into question the progress that had been achieved, and to some extent had undermined trust in the multilateral trading system.

70. Belarus welcomed the timely adoption by the Sixth WTO Ministerial Conference, held in Hong Kong in 2005, of decisions relating to the elimination, by 2013, of all forms of export subsidies in agriculture and the provision by developed countries, by 2008, of duty-free and quota-free market access for at least 97 per cent of products originating from least developed countries.

71. It was troubling that the liberalization measures and economic reforms demanded of WTO applicants far exceeded the concessions and obligations undertaken by current members at similar stages of development. While Belarus was ready to comply fully

with existing WTO rules, it would not accept any additional discriminatory obligations, which would harm its manufacturers, service providers and technology developers.

72. Belarus hoped that WTO members, particularly developed countries, would set out fair and equitable conditions for accession commensurate with the trading, financial and development needs of acceding countries. In that regard, Belarus would spare no effort in contributing to the goal of making WTO a truly universal organization, inter alia by according priority to the prompt conclusion of negotiations on the accession of new member countries on the basis of conditions acceptable to all.

73. The undermining of the principle of non-discrimination in world trade and the principle of "most favoured nation", which was the foundation for the international trading system and enshrined in WTO norms, left third countries vulnerable to discrimination, particularly through protectionist measures applied by developed countries. It was vital to redress the situation by significantly reducing the level of tariff and non-tariff barriers. To that end, Belarus was offering preferential tariffs to a large number of developing countries.

74. Belarus also condemned recent attempts by certain powerful countries and groups of States to use unilateral economic measures, including through trade, to exert political and economic pressure on sovereign States. Such practices violated the Charter of the United Nations and the principles of international law, and were incompatible with efforts to accelerate progress towards attaining the Millennium Development Goals; there was no place for them among the foreign policy instruments of United Nations Member States.

75. **Mr. Motter** (Inter-Parliamentary Union) said that, in order to break the impasse in the Doha Round negotiations, it was essential to review in depth and draw lessons from the past five years of trade talks, particularly since five years was a long time in the fast-moving era of globalization.

76. The Inter-Parliamentary Union recognized the importance of trade as an engine of economic growth and, for developing countries in particular, a means of achieving the Millennium Development Goals and other development objectives. Trade was better than aid in that it promoted self-reliance and greater prosperity. However, while in principle trade liberalization optimized production factors, which could help generate employment while lowering prices for goods and services, the problem was how to translate principles and economic theories into workable day-to-day realities.

77. In order to bring parliaments closer to the trade negotiating process, IPU had created the Parliamentary Conference on the World Trade Organization, the objective of which was to oversee and promote the effectiveness of WTO activities, maintain dialogue with governmental negotiators and civil society, facilitate information exchange, sharing of experiences and capacity-building for national parliaments in matters of international trade and exert influence on the direction of discussions within WTO. The debates and conclusions of the Conferences clearly demonstrated that the reasons for the present impasse in trade negotiations were not simply technical, but deeply political. However, parliamentarians participating in the Conferences and related events generally supported the Doha Round provided that it reconciled the many concerns of their constituents.

78. Regarding agriculture, the Parliamentary Conference on WTO had called for the elimination of export subsidies and the reduction of trade-distorting domestic support to agriculture by developed countries. At the same time, it had stressed the importance of addressing special treatment for "sensitive" and "special products" and for the non-trade concerns of agriculture, including food security, land conservation, revitalization of rural society and rural employment, as well as the issues of sustainable forestry, illegal logging and fisheries.

79. With respect to services, IPU members were generally supportive of further liberalization, provided that it was pursued with caution, specifically in such areas as those services relating to health, education and the basic needs of the population. They also believed that every country had the right to protect its cultural diversity and to conserve and develop public services.

80. The various declarations of the Parliamentary Conference relating to the environment called for WTO rule-making and goals to be coherent with the obligations undertaken under multilateral environmental agreements (MEAs) and stated that the environmental legislation of WTO members should not be seen as a non-tariff barrier to trade.

81. The experience of the Parliamentary Conference showed that further liberalization required more extensive political debate at the national level, involving all sectors of society and the economy. It was important to reassure the parties to such debate, as well as the general public, that a freer and more competitive global economy would help bridge inequalities rather than creating them, and that they would be assisted in the transition and adjustment to other economic sectors. Members of Parliament from many developed countries had stated that their countries needed much more support than was currently available in order to be able to participate in the global economy without undercutting their fledgling industries, sacrificing indigenous knowledge or overexploiting their natural resources.

82. A successful conclusion to the trade negotiations required the conviction that there was broad and sufficient political will on the part of all States to implement that end result, which would inevitably require support from the political parties and factions represented in each parliament. Clearly, therefore, parliaments should be more closely involved in the area of trade and trade negotiations, which would enable them to play their part in building political support and ultimately translating the outcome of the Doha Round into reality for the benefit of all citizens.

83. **Mr. Sabri** (United Nations Industrial Development Organization) said that trade capacity-building was one of the three areas of focus of UNIDO activities. In order to carry out its work in that area, UNIDO worked closely with various organizations within and outside the United Nations system to provide more integrated support services for the achievement of internationally agreed development goals, including the Millennium Development Goals.

84. The UNIDO trade capacity-building initiative provided developing countries and countries with economies in transition with support services in three areas.

85. In the first area, it helped to develop competitive manufacturing capability through enhancement of product and production quality, greater productivity and improvements in safety and cost-effectiveness.

86. In the second area, it helped to promote conformity with market requirements by establishing the necessary physical and institutional infrastructure to certify that products conformed to the technical requirements of the multilateral trading system, with particular attention to the development of standards and conformity assessment infrastructures.

87. In the third area, it cooperated with other organizations, such as UNCTAD and the International Trade Centre (ITC), that specialized in and focused on enhancing connectivity to markets through more effective participation in international trade negotiations and streamlining of customs procedures and mechanisms to increase trade flows.

88. UNIDO was recognized as a major player in helping developing countries build and strengthen their trade capacity, and its highly specialized expertise had made it the largest provider of trade-related technical assistance among United Nations agencies. It had recently led the work of an inter-agency working group on trade capacity-building under the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination (CEB) to improve the coordination and coherence of United Nations agencies in trade capacity-building, inter alia through the preparation of a guidebook on the various trade capacity-building and trade-related programmes and services offered by the United Nations system.

89. UNIDO was assisting a number of countries in developing internationally recognized certification services in quality control, environment protection, social accountability, food safety and other areas, inter alia by training inspectors and auditors.

90. Within the framework of the European Union-UNIDO-West African Economic and Monetary Union (UEMOA) Quality Programme, UNIDO had helped national institutions and enterprises in the fisheries sector in Bénin, Côte d'Ivoire and Togo to improve the quality and safety of their exported products in conformity with international sanitary requirements. A second phase would extend the programme to other countries of the Economic Community of West African States (ECOWAS) and to Mauritania, and similar regional programmes were being implemented in the Mekong River countries and the countries of the South Asian Association for Regional Cooperation (SAARC).

91. In cooperation with WTO, UNIDO was helping cotton farmers to develop cotton standards and enhance their product quality to obtain higher profits.

92. In order to facilitate access of developing countries to international investment and trade-related technology, UNIDO used its worldwide networks of Industrial Subcontracting and Partnership Exchange (SPX) centres and investment and technology promotion offices (ITPO) to promote their attractiveness to foreign direct investment through policy advice to improve their investment code, enhance their institutional capacities for investment promotion and establish business alliances to link them to foreign enterprises.

93. In 2005, UNIDO had conducted its third Africa Foreign Investor Survey, which provided a deeper understanding of different investor types and their impact on host economies. In addition, it had identified investment opportunities in Africa and presented them to Chinese investors at the Ninth China International Fair for Investment and Trade in 2005, held in Xiamen.

94. The promotion of South-South trade and investment cooperation had become a major feature of UNIDO activities, focusing increasingly on technology transfer from India and China to other developing countries, especially Africa and the least developed countries.

95. UNIDO had recently opened a liaison office in Brussels to bring it closer to the European Commission, which had generously funded some of the most successful UNIDO programmes in trade capacity-building.

96. **Mr. Saad** (Libyan Arab Jamahiriya) said that it was distressing that tariff protection by developed States of their industrial and especially their agricultural sectors prevented developing countries from receiving their fair share of international trade. The suspension of the Doha Round did not bode well for the future of the world economy; negotiations should be resumed, according priority to the needs of developing countries. The WTO membership process must be eased as well. The speaker stressed the importance of supporting the role of UNCTAD in the search for new ways for developing countries to benefit from trade and market-related technologies. African States, in particular the least developed countries, were in need of assistance to improve agricultural capacities and market access. Initiatives by the African Union, African regional economic communities and the New Partnership for Africa's Development (NEPAD) were notable in that regard.

97. **Ms. Puri** (United Nations Conference on Trade and Development), summing up, said that despite success stories about the increasing role of trade in GDP, the growing export share of developing countries and the contribution of trade to the attainment of the Millennium Development Goals, not all countries were benefiting from trade liberalization, and some, particularly the least developed countries, had been marginalized. Those countries needed appropriate strategies for governance, trade liberalization and institutional development, together with the necessary flexibility, policies best suited to their respective levels of trade development and financial needs and capacities and support at the international level in the form of adequate trading conditions, financial monitoring and good governance. They also needed market access in key areas of export, particularly commodities, agriculture, manufacturing and services, as well as a viable commodity sector for better terms of trade and poverty reduction, assistance for infrastructure development, and aid for trade and supply capacity-building and for cushioning the impact of adjustment costs.

98. While the multilateral trading system continued to be the central pillar of the international trading system, North-South and South-South regional trade agreements — which should be open, non-discriminatory, rule-based, predictable and equitable — were of increasing importance in bolstering that system. In that context, universal concern had been expressed regarding the possible consequences of the suspension of the Doha negotiations, including protectionism, fragmentation of the trading system and failure to address some of the systemic distortions that the negotiations had set out to address, thus blocking the path towards a freer and fairer trading system and affecting the development content of that system, particularly in the area of agriculture. Delegations had therefore called for the early resumption of negotiations and renewed political commitment and will on the part of major players in order to facilitate their early, successful and balanced conclusion.

99. Major components of the Doha development package should include duty-free and quota-free treatment for least developed countries, preference erosion, reform of rules of origin, special and differential treatment and less than full reciprocity, special products and special safeguard mechanisms in

agriculture and aid for trade, which required additionality, predictability and dedicated multilateral funds. Agricultural trade and reform were seen as key to breaking the deadlock, and liberalization of the agriculture sector was regarded as particularly important for developing countries. It was also important to address non-tariff barriers — which were now blocking market entry as well as determining market access — in the context of the worldwide lowering of tariffs.

100. Many had emphasized the contribution of developing countries, in accordance with their respective capacities, towards finalizing the development package. The problems of acceding countries had been highlighted, particularly those of economies in transition and developing and least developed countries. At the same time, delegations had welcomed such successes as the unprecedented increase in South-South and intra-South cooperation and trade and the growing international trading activities and economic integration of many developing countries.

101. Particular attention had been drawn to the interregional dimension in South-South trade and investment and, in that context, the importance of Generalized System of Trade Preferences (GSTP) negotiations for South-South trade liberalization in enhancing the Doha negotiations and regional South-South arrangements. Key issues for the future of the international trading system for trade and development had been identified, including the liberalization of temporary movement, which would prevent illicit migration and would have spin-offs for both home and host countries while absorbing the enormous youth and labour power now entering global markets. The new energy economy, which was posing both opportunities and challenges, needed to be addressed. Foreign direct investment and science and technology would increasingly be the determinants of international competitiveness in trade and development, and in that regard delegations had referred to the role of UNCTAD as a focal point for the integrated treatment of trade and development and related areas of finance, investment, environment and technology. With regard to trade capacity-building, UNCTAD was called upon to undertake further efforts in the areas of research and analysis and technical cooperation. Emphasis had also been placed on the pivotal coordination role of UNCTAD in the United Nations system-wide context, in aid for trade and in monitoring all trade and development issues as they emerged, including within the context of negotiation, both multilateral and within the framework of regional trade agreements. UNCTAD had taken careful note of all ideas put forward and would respond positively to those suggestions.

*The meeting rose at 6 p.m.*

United Nations A/C.2/61/SR.15

General Assembly
Sixty-first session

Official Records

Distr.: General
16 November 2006

Original: English

## Second Committee

**Summary record of the 15th meeting**
Held at Headquarters, New York, on Thursday, 19 October 2006, at 10 a.m.

*Chairperson*: Ms. Intelmann ..... (Estonia)
*later*: Mr. Barry (Vice-Chairperson) ..... (Senegal)

## Contents

Agenda item 55: Globalization and interdependence

(a) Globalization and interdependence

(b) International migration and development

(c) Culture and development

(d) Preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, consistent with the United Nations Convention against Corruption

(e) Integration of the economies in transition into the world economy

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

06-57866 (E)

*The meeting was called to order at 10.10 a.m.*

**Agenda item 55: Globalization and interdependence** (A/61/486)

**(a) Globalization and interdependence** (A/61/286)

**(b) International migration and development** (A/60/871, A/61/73, 91, 170, 187, 230, 315, 316, 321, 343, 345, 346, 506 and 515 and A/C.2/61/2)

**(c) Culture and development** (A/61/86 and 321 and A/61/378-S/2006/761)

**(d) Preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets, in particular to the countries of origin, consistent with the United Nations Convention against Corruption** (A/61/177)

**(e) Integration of the economies in transition into the world economy** (A/61/93, 126, 181 and 269)

1. **Mr. Civili** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs) introduced the Secretary-General's report on the role of innovation, science and technology in pursuing development in the context of globalization, contained in document A/61/286.

2. Most countries that had managed the forces of globalization had been able to take advantage of science and new technologies. However, the ability of developing countries to access scientific research and innovation and to adapt it to their own needs varied greatly. Ultimately, the countries themselves must develop policies that would enable them to tap the benefits of science and apply those benefits to their developmental concerns.

3. At the same time, the international community had a crucial role to play. Challenges included achieving an adequate diffusion of scientific and technical knowledge, while avoiding excessively high costs of proprietary technology, and eliminating adverse effects on vulnerable groups in society by ensuring both affordable access to medicines and the diffusion of technical knowledge among farmers and small urban producers.

4. The report proposed the creation of an international database on publicly funded research and development that would assist developing countries in accessing technologies. There had already been an increase in the number of open and collaborative projects designed to create "knowledge public goods" including, inter alia, free and open source software, the human genome project and the World Wide Web.

5. Another common trend was the collaboration among developing countries to find scientific solutions to complex developmental concerns. Countries such as Brazil, China, India and South Africa had emerged as regional actors with increasing technological capabilities. Such collaborative efforts were promising and deserved to be supported.

6. In conclusion, the key developmental role of science, technology and innovation in enhancing economic well-being had been widely recognized. Building scientific and technological capacity required sound institutional-building as well as the nurturing of a complex network of partnerships among a wide variety of stakeholders spread across the globe.

7. **Ms. Zlotnik** (Director, Population Division), introducing item 55 (b) on international migration and development and reporting on the implementation of General Assembly resolution 60/227, said that international migration could be a positive force for development in countries of origin and destination, provided it was supported by the right policies.

8. At the High-level Dialogue on International Migration and Development, speakers had stressed the importance of peace and security, the rule of law and the provision of decent work in countries of origin to ensure that people migrated out of choice rather than necessity. There had been widespread support for incorporating international migration into the development agenda and for integrating migration issues into national development strategies, including poverty reduction strategies.

9. It had been recognized that migrant remittances improved the lives of millions and had a positive effect on the economy. However, more needed to be done to reduce transfer costs and supporting policies were needed to maximize the development potential of remittances. Also, Governments should bear in mind that remittances were not a substitute for ODA, FDI or debt relief. Speakers had unanimously condemned the crime of trafficking in persons and had noted that

vulnerable groups, such as migrant women and children who were victims of trafficking or who were seeking asylum from persecution, needed special protection. Finally, the majority had expressed support for the Secretary-General's proposal for the establishment of a global forum where Governments could discuss best practices and policies concerning international migration and its link with global development.

10. **Ms. Tichen** (United Nations Educational, Scientific and Cultural Organization (UNESCO)) said that UNESCO was the leading advocate for bringing culture to the heart of the development agenda during the era of globalization.

11. In 2005, UNESCO had adopted the Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which established for the first time the link between culture and development in international law. As provided in article 1, one of the objectives of the Convention was "to reaffirm the importance of the link between culture and development for all countries, particularly for developing countries, and to support actions undertaken nationally and internationally to secure recognition of the true value of [that] link".

12. UNESCO continued to assist Member States by elaborating and promoting cultural policies, paying particular attention to the cultural dimensions in development policies so as to contribute more effectively to the fight against poverty and support the New Partnership for Africa's Development (NEPAD). It was also working to advance South-South cooperation and disseminate principles and good practices conducive to sustainable tourism and development. Finally, as lead agency for the Decade on Education for Sustainable Development, UNESCO was working to mainstream cultural diversity and intercultural dialogue in education for sustainable development.

13. **Ms. Hrbkova** (United Nations Office on Drugs and Crime (UNODC)) introduced the Secretary-General's report on preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets to the countries of origin, contained in document A/61/177.

14. It was encouraging that the number of States parties to the Convention against Corruption had risen since the preparation of the report. At present, there were 140 signatories and 70 States parties to the Convention. The surprisingly rapid increase in the number of parties gave hope that the Convention had the potential for universal adherence and it was promising that the first session of the Conference of the States Parties to the Convention was soon to take place. The Office had launched an inter-agency anti-corruption coordination initiative called the International Group for Anti-Corruption Coordination, which would meet immediately following the first session of the Conference of States Parties so as to build on the outcome of that session, particularly in the area of technical assistance.

15. The question of asset recovery had been identified by Member States as a priority issue for consideration by the Conference at the first session. The Secretary-General's report summarized current efforts to recover assets derived from corruption and suggested ways in which the implementation of chapter V of the Convention could have an impact on the return of those funds.

16. In conclusion, wide participation and an optimal balance between developed and developing countries from all regions in the Conference was crucial to ensure that any decisions taken were based on broad representation. The countries that had not ratified the Convention should do so without delay, to allow them to participate in the Conference as full members.

17. **Mr. Vos** (Director, Development Policy and Analysis Division, Department of Economic and Social Affairs) introduced the Secretary-General's report on integration of the economies in transition into the world economy, contained in document A/61/269.

18. Economies in transition had registered a strong performance during the 2004-2005 period and had made substantial progress in strengthening their integration into global markets. That progress had been greatly helped by favourable conditions of growing world trade, high commodity prices and the low cost of international finance. Prudent fiscal and monetary policies and more comprehensive economic reforms had supported economic stabilization and had improved the environment for business investment.

19. Strong economic growth had helped improve living conditions in the economies in transition in recent years. Considerable progress had been made in reducing poverty, ensuring gender equality and promoting better health and education, particularly in

the new European Union member States and the accession countries. There had been less progress in the transition economies in South-Eastern Europe and the Commonwealth of Independent States (CIS) and poverty remained disturbingly high in certain regions.

20. The European Union played an important role in cementing institutional reforms and deepening market reforms. Adaptation to European Union institutions had promoted the broadening of the growth process in the countries of Central Europe and the Baltic States; however, growing uncertainty about further European Union enlargement could affect the pace of economic reforms in South-Eastern Europe.

21. The pace and pattern of the progress made in the integration of the economies in transition into the world economy varied widely. In particular, there were important differences in trade dependence and external vulnerabilities, implying that some economies were reaping greater long-term benefits from increased integration than others. Although most of the new European Union members had the advantage of integrating into producer-driven trade networks in high value-added sectors, the growth performance of the resource-rich countries, particularly those in the CIS region, remained vulnerable to the volatility in world commodity prices. To enhance their prospects of gaining from trade, such countries needed to diversify their economies into high-productivity manufacturing industries and services sectors. The challenge for the South-Eastern European countries, which were also affected by external vulnerabilities, was to find an adequate policy mix in order to gradually move their trade structures to higher value-added sectors.

22. Further integration of the capital markets of transition economies had resulted from FDI and strong growth had attracted large inflows of speculative capital. Those developments posed new macroeconomic policy challenges, both among the new European Union members and in South-Eastern Europe. The macroeconomic policies of the new European Union member States were anchored to the adoption of the euro as a step forward in economic integration. However, fast adoption of the euro might lead to a slowdown of GDP growth and loss of income in some of those countries.

23. Increased mobility of people from the EU-8 and from South-Eastern Europe and CIS countries had led to a growing role for remittances as a source of external financing. However, there were a number of associated risks, such as vulnerability to economic downturns in the receiving countries and the effects of brain drain on the countries of origin, which might have difficulty developing their own productive base.

24. In conclusion, countries with economies in transition needed to develop domestic policies that strengthened institutional reforms and promoted economic restructuring in order to fully benefit from integration into the world economy and sustain economic growth. Although the international community, including United Nations agencies, had helped to foster the transformation process, further international cooperation would be needed in coming years.

25. **Ms. Schmidt** (Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said, with reference to the report of the Secretary-General on the role of innovation, science and technology in pursuing development in the context of globalization (A/61/286), that she wholeheartedly supported the notion that it was imperative that agricultural research and technological innovations be fostered so as to enable the rural poor to overcome poverty and to participate in the global economy. Despite the need for technological advances, improved trading conditions, including the discontinuation of agricultural subsidies, were needed in order to allow the least developed countries to compete on a level playing field. The impediments to trade in the form of increasing requirements to meet safety, quality and environmental standards constituted a significant barrier to trade by the least developed countries even for those goods that otherwise enjoyed preferential treatment. Other aspects that affected livelihoods and sustainable agricultural practices were land degradation, desertification, the adverse effects of climate change and recurring weather events. Preservation of ecosystems was an area where the most vulnerable countries needed full partnership and assistance from their development partners.

26. Referring to paragraph 47 (b) of the report, she noted that a number of developing countries had become major world economic players, emerging as important markets and as investors and providers of technical assistance and financial aid to follow developing countries. In many cases, such knowledge, expertise and technology were more appropriate to the

needs of other developing countries, as their socio-economic conditions were comparable, and also more affordable, with the result that many of them were increasingly looking southwards to advance their development objectives. South-South cooperation should be designed so as to leverage technical knowledge from wherever it was located and to apply it where it was needed. The report's recommendation that access to technology needed to be guaranteed to farmers and small urban producers and that adequate systems should be developed to generate and adapt appropriate technologies and disseminate them among small producers should be implemented as a matter of priority.

27. Migration had both negative and positive impacts on the development of countries of origin and countries of destination, but the poorest countries were more exposed to its negative impacts and benefited less from its positive ones. Migration from countries with low human development capital had unfortunately led to a significant loss of skilled workers. The most detrimental effect of that brain drain was caused by the migration of the upper end of the human capital distribution, which was critical for institution building and development. It was estimated that 34 per cent of migrants from least developed countries to countries of the Organization for Economic Cooperation and Development (OECD) were skilled workers. Coupled with low education enrolment and high HIV/AIDS rates, such a brain drain had a disastrous effect on the ability of least developed countries to build productive capacities for sustained economic growth and sustainable development. However, migrant workers' remittances had almost doubled since 2000 and surpassed FDI. The Ministerial Conference of the Least Developed Countries on Migrants' Remittances, held in Cotonou, Benin, in February 2006, had adopted concrete and practical recommendations to all stakeholders in sending and receiving countries.

28. **Mr. Oosthuizen** (South Africa) speaking on behalf of the Group of 77 and China, said that globalization and interdependence had brought new challenges for growth and sustainable development, particularly in developing countries. Some had successfully adapted to them and benefited from globalization, but many others, especially the least developed countries, had remained marginalized. Unfortunately for many in the developing world, difficult challenges remained in improving the creation and use of scientific knowledge, skills and technology to meet critical economic, social and development needs. Some of those challenges were mentioned in the report of the Secretary-General (A/61/286), but it was important to reiterate that the international technology gap was one of the main causes of the rapidly expanding socio-economic gap between rich and poor nations, which was a major challenge for developing countries in their efforts to achieve development goals.

29. Special efforts needed to be made to build and sustain scientific capacity at both individual and institutional levels through increased allocation of appropriate resources, diffusion of technology and building of partnerships. In his report, the Secretary-General had made a number of suggestions, of which South-South cooperation remained an important element. Ministers of Science and Technology of the Group of 77 and China had recently approved a decision to transform the Third World Network of Scientific Organizations into the Consortium of Science, Technology and Innovation for the South, which would contribute to the promotion and development of knowledge and technology in the South through the exchange of expertise. The Secretary-General had correctly identified the role the United Nations should play in disseminating useful scientific information to developing countries, but the importance of the Special Unit for South-South Cooperation should not be forgotten. The Group of 77 and China had welcomed the agreement reached in the Economic and Social Council to increase the membership of the Commission on Science and Technology for Development, which would increase the voice and participation of developing countries. Member States must fulfil the commitment made at the 2005 World Summit that the United Nations would play an increasingly active role in ensuring that developing countries were able to achieve their goals in the area of innovation, science and technology.

30. Turning to the issue of migration and development, he said that migration was a complex issue which needed to be approached in a holistic and comprehensive manner. In his report (A/60/871), the Secretary-General had indicated that a sustained international dialogue should be established to share experiences and to develop effective modalities for international cooperation. The Group of 77 and China believed that conducting that dialogue within the

framework of the United Nations would also contribute to the strengthening of the multilateral system.

31. The effects of international migration on economic and social development highlighted the complex relationship between underdevelopment, poverty, social exclusion and migration. In pursuing internationally agreed development goals, including the Millennium Development Goals, there was a need to focus on FDI, trade, foreign aid and debt relief so as to reverse underdevelopment, poverty and skills flight. With regard to the important issue of remittances in the context of migration and development, it was imperative to ensure the cheaper, faster and safer transfer of remittances, which were not a substitute for investment, trade, foreign aid and debt relief. There was also still a need further to consider and analyse how the migration of highly skilled persons and those with advanced education impacted the development efforts of developing countries.

32. **Ms. Fernández** (Finland), speaking on behalf of the European Union, the acceding countries Bulgaria and Romania, the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey, the stablilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Moldova and Ukraine, emphasized the social dimension of globalization, which could offer the means to tackle the most acute problems, including extreme poverty. The European Union welcomed the progress made in further integrating countries with economies in transition into the world economy, as well as their efforts to achieve the internationally agreed development goals. There was a need for further international support to address the specific concerns of those countries.

33. Welcoming the treatment in the report of the Secretary-General (A/61/286) of the inter-relationship between the information society and development, she said that the digital divide was both a consequence and a cause of inequalities. It led to an even wider knowledge divide between developed and developing countries, and therefore posed a challenge to future development policy planning. The European Union was convinced that information and communication technologies (ICTs) were not only a way of speeding up development but also could allow leap-frogging of several levels of technological development. The role of ICTs in promoting freedom of expression, democracy and transparency should also be given serious consideration in light of the importance of those factors in fostering economic and social progress.

34. While the report highlighted the role of the private sector and investment, especially venture capital, it had not made sufficient reference to the need for innovation policies to be accompanied by broader policy reforms that would create the right environment for innovation, such as macroeconomic stability, an active competition policy and predictable and transparent legal regimes. Innovations and ICT should be integrated into the curriculum. Without domestic incentives and more equitable income distribution, science and technology did not necessarily reach the poor. The multi-stakeholder participation in the World Summit on the Information Society and in its follow-up should be preserved and applied also in the work of the Commission on Science and Technology for Development.

35. Intellectual property rights could play a vital role in the development process for developing countries, but those countries must be able to take advantage of all the flexibilities available within the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The report highlighted the importance of protecting genetic resources and traditional knowledge held by local communities and indigenous people, but appropriate forms of protection might also be found outside existing intellectual property rights systems.

36. The report of the Secretary-General on preventing and combating corrupt practices and transfer of assets of illicit origin and returning such assets to the countries of origin (A/61/177) had clearly pointed out that corruption was a major obstacle to development and a key element in economic underperformance. Efforts to combat it must therefore include strong measures to strengthen the rule of law and ensure equal access to justice by citizens. Governance included not only the fight against corruption but also respect for human rights, adherence to democratic principles and the rule of law, as well as economic, financial, social and environmental management. There was a need for increased international cooperation in the global fight against corruption, particularly in strengthening the identification, seizure and repatriation of assets and the delivery of appropriate and effective technical assistance. International cooperation and the sharing of good practice would reinforce the importance of good governance, transparent democracy and the rule of law.

The United Nations Convention against Corruption was the key legal instrument for setting global standards, and countries which had not yet done so were urged to sign and ratify it. The first Conference of States Parties to the Convention, to be held in Jordan in December 2006, would provide an opportunity to discuss how to ensure its proper implementation, including effective review mechanisms, and the roles that civil society and the private sector could play in fighting corruption.

37. During the recent High-level Dialogue on International Migration and Development, most States had agreed that well-managed legal migration could contribute to development and to the achievement of the Millennium Development Goals. The discussion had proved that international migration and development needed to be discussed at the global level. It was vital to integrate migration concerns and issues, including the benefits which migrant workers' remittances brought to the economies of their countries of origin, into poverty reduction strategies and the development agenda. At the same time, it was necessary to include development aspects in national and regional immigration policies. Knowledge-sharing and capacity-building were crucial, as well as the focus on the migrants themselves.

38. **Mr. Hannesson** (Iceland) said that the many people of foreign origin who had come to Iceland had made a valuable contribution to society. International migration could make a positive contribution to sustainable development and economic growth in countries of origin and destination alike, and could be of substantial benefit to migrants if it was appropriately regulated and controlled. In order to reduce the negative impact of migration on migrants it was necessary to promote and protect their human rights.

39. Gender inequality could be both the cause and consequence of international migration. Promotion of gender equality would therefore help reduce the negative impact of migration. Although many migrants who entered the labour market in destination countries enjoyed greater opportunities, migration could also lead to the loss of formal contacts, social security and protection, which could affect women and men in different ways. It was worrying that migrant women increasingly tended to earn lower wages and experience less favourable terms and conditions of employment than men, one reason being that women were more likely to work in the informal sector.

40. The rapid growth of human trafficking and smuggling was a global problem that must be addressed at both the national and international levels. His Government had taken vigorous steps to combat the use of Iceland as a country of transit for such purposes. It was a signatory to the United Nations Convention against Transnational Organized Crime and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children. Regional institutions had a major role to play in combating human trafficking, and Iceland had contributed actively to the anti-trafficking work of the Organization for Security and Cooperation in Europe.

41. His delegation considered the issues discussed at the High-level Dialogue on International Migration and Development to be urgent and welcomed the substantive exchange of views that had taken place.

42. **Mr. Chulkov** (Russian Federation) said that effective management of the processes of globalization with a view to neutralizing their negative consequences and strengthening their existing positive aspects was possible only on the basis of a collective and comprehensive approach by the world community, with the central coordinating role being played by the United Nations. There was an increasing awareness of the complex and multifaceted nature of migration and its indissoluble link with socio-economic development, the demographic situation and human rights. A further expansion of cooperation should involve interaction at all levels — global, regional and subregional — with a view to determining the most mutually advantageous ways of giving effect to the beneficial influence and mitigating the negative consequences of migration. Regional processes and bilateral cooperation were the most effective forms of such interaction. A successful migration policy required improvement in the migration census and the development of a single, internationally comparable set of data.

43. The Russian Federation attached priority to expanding international cooperation with a view to preventing and rooting out corruption, money-laundering and the illegal transfer of money abroad. It had ratified the United Nations Convention against Corruption and called on States parties which had not yet done so to do likewise. The Group of Eight, at its summit meeting in Saint Petersburg, had agreed jointly

to combat corruption in Government administration, including at the highest level. The summit outcome document contained an Action Plan which included working with international financial centres with a view to denying safe haven to assets illicitly acquired, securing the protection of financial markets from criminal abuse, promoting information sharing on persons identified as corrupt, and securing the highest standards of financial transparency, including in Government procurement and concessions, as well as increasing efforts to combat money-laundering.

44. The report of the Secretary-General on integration of the economies in transition into the world economy clearly showed that progress had not been uniform among such countries; the problems were particularly acute in the low-income countries within the Commonwealth of Independent States, which needed international assistance to support their economic growth, to reduce poverty, and to help in the struggle against HIV/AIDS and other diseases, as well as in the solution of environmental problems. However, the report unfortunately lacked concrete recommendations as to how the world community, and the United Nations system in particular, might increase assistance for the socio-economic development of those countries in accordance with their national priorities. The Russian Federation hoped that the General Assembly would at its current session adopt the draft resolution on integration of the economies in transition into the world economy (A/C.2/61/L.11*), and called on Member States to become co-sponsors.

45. **Mr. Al-Hulaibi** (Bahrain) said that information technology should be harnessed to achieve internationally agreed development goals, including the Millennium Development Goals. His delegation commended the report of the Secretary-General for highlighting the importance of information technology to development and for advocating a people-centred and inclusive information society.

46. The participants in both phases of the World Summit for the Information Society had emphasized their joint commitment to building an inclusive information society in which all members would be able to use fully their capabilities to further their development and improve their quality of life. Building such a society required solidarity and cooperation at the national and international levels among Governments and other stakeholders, namely the private sector, civil society and international organizations.

47. Bahrain had introduced technology into education through the King Hamad Project for Future Schools, which represented a qualitative advance in education and would enable Bahrainis to keep up with developments in science and technology in the twenty-first century.

48. **Mr. Basu** (India) said that, although globalization had generated unprecedented opportunities for all countries, it had also brought new challenges to which developing countries were having difficulty responding. The deepening of global imbalances continued to pose a major risk to global growth and stability. If the developing countries were to enjoy the autonomy and flexibility required to devise their own policies and strategies, the international community must ensure an appropriate balance between national policy space and international disciplines and commitments. The current impasse in the Doha Round was a cause for concern. A development-oriented outcome of the trade negotiations, with effective and operable special and differential treatment for developing countries, was imperative.

49. The role of the United Nations in shaping the international economic agenda had eroded over the years. Reform efforts must address the question of restoring the centrality of the development agenda of the United Nations. An equitable and rule-based regime must be devised to manage global trade, investment flows, technology transfers and the movement of services.

50. India fully recognized the importance of science and technology and was on a fast track to knowledge-led growth and knowledge sharing. Intellectual property rights regimes were often used in ways that hindered technology transfers to developing countries. Development dimensions must be integrated into such regimes as quickly as possible. The international community should also find pragmatic ways to promote research and development in developing countries.

51. It was ironic that the shrinking of the world resulting from improved technology and communications was accompanied by controls that restricted the movement of people from the developing world. Sending and receiving countries alike benefited from international migration. The developed countries

should be more receptive to the request from developing countries for increased access to their markets under mode 4 of the General Agreement on Trade in Services. The United Nations should focus on promoting partnerships among nations in order to maximize the benefits of international migration while reducing its negative effects.

52. **Ms. Blum** (Colombia) said that her delegation supported the proposal to establish a follow-up mechanism to the High-level Dialogue on International Migration and Development within the framework of the United Nations. The proposed global forum should strive to achieve tangible results on migration. A role for the United Nations in collecting, analysing and disseminating information on international migration was essential in order to dispel myths on the issue and guide policy formulation. Moreover, United Nations leadership was essential in order to lay the groundwork for partnerships on migration.

53. The Global Migration Group could facilitate cooperation and coordination among the relevant United Nations bodies and other international organizations and promote and channel the exchange of experience and best practices. The United Nations could provide technical assistance enabling Governments to prepare legislation on migration issues, develop strategies incorporating international migration considerations into development plans and strengthen their capacity to evaluate and manage migratory flows.

54. Her country had participated actively in regional consultations concerning migration, including the Sixth South American Conference on Migration, held in May 2006 in Asunción, Paraguay. In the Asunción Declaration, participants had rejected the criminalization of irregular migration and invoked the principle of shared responsibility for combating the smuggling of migrants, human trafficking and related crimes. That principle had a very concrete content, reach and implications under international law. Those were transnational crimes that must be prevented, prosecuted and punished. Irregular migration was not a criminal phenomenon and undocumented migrants were not criminals.

55. *Mr. Barry (Senegal), Vice-Chairperson, took the Chair.*

56. **Mr. Berrah** (Algeria) said that the very successful High-level Dialogue had shed fresh light on the interactions between international migration and development. In general, his delegation endorsed the conclusions and recommendations in document A/61/515, in particular those focusing on the positive contribution of international migration to economic and social development in receiving and sending countries. Policies concerning international migration and development should be based on the principles of respect for human rights, solidarity and shared responsibility.

57. In seeking a balanced partnership on the issue, his Government detected a reflexive fear of migrants, especially when engaging with its partners of the North. The fear was sparked in particular by migrants of the Muslim faith, and arose from a supposed nexus of Islam and terrorism. That fear was being fanned by xenophobic and racist elements which used it to create the impression that migration was the cause of tension and of social disintegration and instability. Attempts to hijack the debate on migration and development in order to restrict migration were a means to avoid the substantive issues involved and would prove counterproductive in the long run.

58. Acting within the framework of the African Union, the African countries had, in record time, adopted a common position on migration and development as well as a strategic framework for dealing with the issue. That position, which was rooted in the causative factors linking migration with development, constituted the basis for a balanced and constructive dialogue, especially with Africa's Western partners, with a view to finding solutions based on development assistance, in order to close the gap between the North and the South. As a sending and receiving country, a transit State and a State that experienced the recomposition of migration flows, Algeria supported the African Union's approach overall and remained open as well to other viewpoints on the issue.

59. His delegation endorsed the Secretary-General's proposal to establish a permanent consultative forum to follow up on the High-level Dialogue. The proposed mechanism was consistent with his Government's belief that receiving, transit and sending States should work in partnership to address the underlying causes of migration and the issues and needs of each region. Moreover, the mechanism would build on the momentum already established to conduct an ongoing and inclusive dialogue engaging multiple actors in the

public and private sectors in the effort to maximize the benefits of international migration flows and reduce their negative effects. It was important at the current stage to clarify the organizational details for the consultative forum, the periodicity of its meetings, the issues it would address and arrangements to implement any action plans discussed.

60. **Mr. Ali** (Bangladesh) said that it was essential to distinguish between migrants in the traditional sense and persons who went from one country to another for short periods in response to a real or perceived demand for work in the destination country. Increasing numbers of Bangladeshis were engaging in the latter type of migration and their remittances contributed substantially to national earnings. Upon their return many of them, having acquired technology, capital and management expertise, became entrepreneurs, helping to transform the economy. In 2005, the remittances sent home by overseas workers worldwide had dwarfed the bilateral development assistance offered to developing countries.

61. The potential benefits of such employment to receiving and sending States were enormous, as demonstrated by estimates of the impact that would result from opening up just 3 per cent of the OECD labour force to short-term, less skilled workers from abroad. His Government was aware of the strong economic arguments for moving ahead, and of the political and nationalistic undertones surrounding the issue.

62. Some of the research conducted on short-term overseas employment lacked clarity or reflected prejudices. The report in 2005 of the Global Commission on International Migration had failed to address the fact that the movement of people was no longer just a North-South issue; South-South movements had become much more important. Many other research initiatives had failed to distinguish "permanent" migration from short-term movements. Some had focused on the immediate problems of trafficking and human rights abuses. Although each study contributed to the understanding of the subject, concerted and coherent approaches were required. The international community, under the leadership of the United Nations, should take the initiative in that regard.

63. Since the interest of sending and receiving States lay more in short-term overseas employment, many developed and developing countries had created elaborate structures under bilateral agreements for meeting short-term labour demands. A more transparent, inclusive and structured approach was needed. The private sector must be brought into the debate, and Governments in receiving and sending States must supervise the process. A mechanism for dialogue among the various international organizations must be found; a global forum could be considered, provided that its methods and objectives were clear.

64. **Ms. Hughes** (United States of America), speaking on agenda item 55 (b), said that in 2005 the United States had welcomed over 1 million legal permanent residents. Her country recognized the contribution made by its immigrants. It also recognized the strong impact remittances could have on families that received them and was committed to increasing migrants' access to formal banking structures and to reducing the transfer costs of remittances.

65. Her Government would continue to work with other Governments and the International Organization for Migration to warn of the dangers of irregular migration, as well as to protect and provide assistance to victims of trafficking. The United States would also continue to work with other Member States to prosecute traffickers and smugglers who committed those heinous crimes.

66. Regional dialogues were the most effective way to advance international cooperation on migration. It was unclear what practical outcomes the proposed global forum on migration would achieve. The forum could prove a hindrance and be counterproductive to the good work being done at the regional level. Instead of creating new structures, the international community should focus on improving what already existed, including the Global Migration Group.

67. **Mr. Liu** Zhenmin (China), speaking on agenda item 55 (a), (c) and (d), stressed that globalization should be based on universal participation. The international multilateral mechanism, with the United Nations at its core, was best placed to allow all countries to participate in world affairs on an equal footing. The Doha Round should be resumed as early as possible, and trade protectionism should be opposed. The focus should be on poverty eradication, financing for development and capacity-building, and on the realization of the Millennium Development Goals.

68. In the globalization process, diversity should be maintained, with due respect for the development road chosen by different countries. Dissemination and sharing of advances in science and technology should become an important part of the globalization process. The system of intellectual property rights should be a tool for promoting technical innovation, not a shackle impeding the sharing of knowledge.

69. The rapid progress of economic globalization and science and technology had created a new platform where world cultures could merge; however, the rich cultural heritage of many developing countries had not yet been tapped. The United Nations should discuss the issue of culture and development, with a view to creating an enabling environment for cultural exchange.

70. The developing countries were the main victims of the practices associated with crimes of corruption, including the transfer of illicit assets abroad. Those assets could not be tracked by individual countries on their own. Signatories of the United Nations Convention against Corruption should reinforce anti-corruption cooperation, jointly explore and establish effective international coordination mechanisms, offer legal assistance to each other and cooperate in the field of law enforcement, so as to bring culprits to justice and return the transferred illicit assets to the countries of origin.

71. **Mr. Tharyat** (Indonesia), speaking on agenda item 55 (d), said that in 2004, the Government of Indonesia had initiated an anti-corruption drive that was unparalleled in its history. Indonesia had ratified the United Nations Convention against Corruption in September 2006. The Government was working to enhance coordination among law enforcement agencies, including through close coordination with the National Commission on Combating Corruption and the National Coordination Team on Corruption Charges. Ordinary citizens and organizations were entitled to report suspected corruption activities to the authorities and to provide information on ongoing corruption cases. There were some encouraging signs already: bribes to Government officials as a share of production cost had dropped from 10.8 per cent in 2001 to 6.4 per cent in 2005.

72. Indonesia wished to offer to host the second session of the Conference of States Parties to the Convention against Corruption to be held in 2007.

73. **Mr. Raja** (Indonesia), speaking on agenda item 55 (b), said that the Indonesian Government was committed to strengthening cooperation with other States on migration issues. Recognizing the vital role of remittances, Indonesia acknowledged that transfer costs should be lowered, and favourable policies should be formulated in that regard.

74. His Government supported the establishment of a global consultative forum on international migration and development proposed by the Secretary-General, which must remain true to the ideas formulated in preparation for the High-level Dialogue. Future discussions must reflect on the multidimensional aspects of international migration and development, including issues such as the impact of international migration on economic and social development; measures to ensure respect for and protection of the human rights of migrants; ways to facilitate the transfer of remittances; the building of global partnerships; and the sharing of best practices at all levels.

75. Stressing the importance of regional consultative processes, he recalled that Indonesia had co-chaired the Bali Process on People Smuggling and Trafficking in Persons and hosted the Third Ministerial Consultations on Overseas Employment and Contractual Labour for Countries of Origin in Asia, held in the context of the Colombo Process. Indonesia invited the Global Migration Group to participate with member countries in following up the High-level Dialogue, particularly with regard to the discussions held during the round tables.

76. **Mr. Asare** (Ghana), speaking on agenda item 55 (b), said that brain drain was unquestionably one of the adverse effects of migration for countries like Ghana. His delegation supported the call for ethical recruitment practices in the labour market and for destination countries to support education and training programmes in the source countries.

77. Despite the improvement in regard to remittance flows, most countries of origin were still grappling with how to effectively harness the capital generated for national development. To deal with that situation, Ghana, with financial support from the United Kingdom Department for International Development, the International Organization for Migration, Italy, the European Union and the Netherlands, had initiated a programme that allowed Ghanaian professionals in the diaspora to make their expertise available in their home

country. Other initiatives included encouraging Ghanaians to invest in viable business ventures. The ultimate objective was for most of the Ghanaian professionals participating in temporary return programmes to remain permanently and contribute more meaningfully to the country's development.

78. Ghana supported the policy recommendations in paragraphs 71 and 86 of the report of the Secretary-General (A/60/871) and agreed with the Secretary-General that achieving those goals would require comprehensive and coherent national policies, as well as sustained international dialogue.

*The meeting rose at 1 p.m.*